

289186

JPRS-JAR-84-013

14 August 1984

Japan Report

19980304 137

DTIC QUALITY INSPECTED 3

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
NATIONAL TECHNICAL
INFORMATION SERVICE
U.S. DEPARTMENT OF COMMERCE
SPRINGFIELD, VA. 22161

DISTRIBUTION STATEMENT A

Approved for public release;
Distribution Unlimited

4
76
A05

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

14 August 1984

JAPAN REPORT

CONTENTS

POLITICAL AND SOCIOLOGICAL

Security Preparations for Korean President's Visit (KYODO, 29 Jul 84, 2 Aug 84)	1
Large Security Network Police Undergo Special Training	
Administrative Reform Council Urges Thrift (KYODO, 25 Jul 84)	3

ECONOMIC

Personnel, Development of Toyo Kogyo Described (ZAIKAI TENBO, Mar 84)	5
Finance Ministry Urges Cuts in Budget Requests (KYODO, 20 Jul 84)	65
Japanese Securities Houses Show Interest in PRC (KYODO, 22 Jul 84)	67
Keidanren Proposes New Communications Service (KYODO, 25 Jul 84)	69
Economic Survey Predicts Exports Growth (KYODO, 25 Jul 84)	70
Briefs	
Toyota Servicing in PRC	71
PRC Technical Knowledge Transfer	71
Yen Internationalization Panel	71
Yen Speculation	72
MITI Rehabilitates Cement Industry	72
Yamazaki Machinery Britain Plant	72
Budget Request Guideline Welcomed	73
MITI Information, Technology Advances	73

POLITICAL AND SOCIOLOGICAL

SECURITY PREPARATIONS FOR KOREAN PRESIDENT'S VISIT

Large Security Network

OW290959 Tokyo KYODO in English 0733 GMT 29 Jul 84

[Text] Tokyo, 29 Jul (KYODO)--The Japanese are putting up the largest security screen ever for the protection of South Korean President Chon Tu-hwan during his visit to Japan this September.

The security net for Chon, government sources say, will surpass the already formidable scale put around U.S. President Ronald Reagan during his Japan trip last November or for the Tokyo economic summit in 1979.

Japanese security authorities have been concerned on how to ensure the safety of the South Korean president who narrowly escaped a terrorist bomb when he traveled to Burma last year.

Burma has officially blamed North Korea for the bomb attack and Japan's security authorities are tightening up the security net to avoid any terrorist attack on Chon here.

As part of the security net, the government has decided to tighten control of North Koreans coming to Japan and step up patrols of the Japanese coast to prevent North Korean agents from slipping into the country.

Starting August 1, the government will strengthen immigration control on all North Koreans--officials and civilians--traveling to Japan, official sources said.

According to Japan's immigration data, 455 North Koreans came to Japan last year. However, reflecting the government's tightening control of North Korean visitors, the figure fell to just 67 in the first half of this year.

Japan's existing policy already bans the entry of North Korean government officials "as a matter of principle," and this policy is expected to be enforced more thoroughly prior to Chon's trip.

In addition, patrols of the Japanese coast--especially on the Japan Sea side--will be intensified against North Korean smugglers, officials said.

At the National Police Agency, a special committee in charge of security arrangements for the Chon visit has already gone into full gear to map the last details to ensure nothing will be amiss during Chon's three-day stay in Japan.

The metropolitan police department is expected to mobilize more than 20,000 policemen every day during Chon's visit, in addition to reinforcement from other prefectural police forces.

Security has been the paramount concern among South Korean authorities as Chon's trip to Japan will be his first outside the country since his Burma visit.

Japanese security authorities said the government will do everything within its power to ensure the safety of the South Korean president.

Police Undergo Special Training

OW020257 Tokyo KYODO in English 0120 GMT 2 Aug 84

[Text] Tokyo, 2 Aug (KYODO)--Nearly 3,000 Tokyo Metropolitan policemen Thursday conducted mock battles against "terrorists" in a special training for a state visit to Japan in September of South Korean President Chon Tu-hwan.

At the training field in Edogawa Ward, some of the policemen acted as the radical elements attempting to break through the lines of policemen to attack Chon with smoke bottles and staves in hands.

Tokyo Metropolitan Police Department will mobilize more men to guard the South Korean president than those involved in the Tokyo summit of the seven industrial powers in 1979 and state visit to Japan of U.S. President Ronald Reagan in 1983.

Thursday's training also included the use of bullet-proof cars and police dogs to arrest terrorists hiding in simulated buildings.

CSO: 4100/206

POLITICAL AND SOCIOLOGICAL

ADMINISTRATIVE REFORM COUNCIL URGES THRIFT

OW251031 Tokyo KYODO in English 1016 GMT 25 Jul 84

[Text] Tokyo, 25 Jul (KYODO)--The ad hoc administrative reform promotion council Wednesday asked the government in a report for a severe curb on expenditures in the fiscal 1985 budget.

Toshiwo Doko, chairman of the council, handed in the council's final report to Prime Minister Yasuhiro Nakasone at his official residence here.

The report called for efforts to curb expenditures on both central and local governments to streamline their administrative and fiscal structures.

The government will adopt the report as its administrative and financial reform policy and thereby decide next week austere standards on budgetary appropriation demands by governmental ministries and agencies in the fiscal 1985 budget.

The report was compiled on the basis of reports filed by two council sub-committees on promotion of local administrative reform and administrative and fiscal reform for fiscal 1985.

The report warned easing of an austere budget policy would frustrate the ongoing administrative and fiscal reform to result in rapid expansion in the national burden.

On concrete measures for control of expenditures, the report proposed to set severe standards on budgetary appropriation demands by ministries and agencies in the fiscal 1985 budget.

The report urged ministries and agencies to prioritize their policies for budgetary appropriations for fiscal 1985.

It proposed the government sharply curtail issues of government bonds in fiscal 1985 to get the government out of its dependence on those bonds by fiscal 1990.

It also said expenditures on public works should be severely curbed in the fiscal 1985 budget despite mounting calls by the ruling Liberal-Democratic Party for increased public works expenditures.

On wage hikes for national public service workers recommended by the national personnel authority, the report said the wage hikes should be "appropriately" decided, somewhat toning down from a subcommittee report calling for a curb on them.

The report also proposed to freeze increases of police and firefighting personnel for the time being, while continuing to curb increases in public school personnel for financial reasons.

As future tasks for promotion of administrative reform, the report called for drastic reform in management of the deficit-ridden Japanese national railways as well as the cabinet's overall coordinating ability for administrative reform.

After handing in the report to Nakasone, Doko told reporters that he expects the government and the Diet to make utmost efforts to enforce the proposals in the report.

Nakasone, meeting reporters, said he would endeavor to enforce administrative reform with high regard to the council report.

CSO: 4100/210

ECONOMIC

PERSONNEL, DEVELOPMENT OF TOYO KOGYO DESCRIBED

Tokyo ZAIKAI TENBO in Japanese Mar 84 pp 61-97

[Text] Toyo Kogyo experienced 10 trying years as a result of business crisis, but with the aid of the Sumitomo Group it experienced a business recovery that may be termed a "miracle." It will change its name to "Matsuda" this May and initiate a new strategy for progress. Against this background, all aspects of the future of Matsuda are analyzed.

Toyo Kogyo to Undergo New Birth in Both Name and Reality

Toyo Kogyo will make a fresh start this May in both name and reality.

Toyo Kogyo had its inception in 1920 when its founder, Jujiro Matsuda, started Toyo Coke Industry, which changed its name to Toyo Kogyo in 1927, and for roughly the next half-century this company functioned as a large industry representing Hiroshima. It will, however, undergo a change in name on May 1 to Matsuda (the English version is Mazda Motor Corporation).

Toyo Kogyo had named the three-wheel truck it first produced in 1931 the Matsuda "Model DA," and in the initial post-war period, it advanced to become a comprehensive automobile manufacturer producing a small four-wheel truck and a small passenger vehicle. Its automobiles were all sold under the brand name of Matsuda. Now this brand name will become the name of the company in May.

The circumstances leading to the first use of the Matsuda brand for the "50th anniversary of Toyo Kogyo" are recorded in the following manner.

Among the names that came up for consideration were the "Sumira" and "Tenshi" but the final result was that the name Matsuda was decided on because it was associated with the surname of Jujiro Matsuda, who was company president at that time. This name also incorporated the concept of the god of light Aura Matsuda, whose holy words illuminated the new born small-automobile world.

The circumstances leading to this situation are interesting.

At that time nicknames such as Dart were given to cars. Toyo Kogyo decided to put a nickname on its new three-wheel truck. The first name that cropped up

was "Toyo," but a poll of the company resulted in the selection of "Tenshi." When this name was brought before the board of directors, there was the strong opposition because "Tenshi" was a homonym associated with death. This was a ridiculous name to put on a car. Such being the case, "wouldn't the president's surname Matsuda be more fitting?" it was suggested, and agreement was reached.

In this manner it was decided to register the president's name, whereupon the government office objected, stating that "a person's name cannot be used as a trade name." Such being the case, the god of light Matsuda was pointed out, and it proved to be an admirably suited choice that led to the selection of Matsuda, according to a secret story. Just the naming process is an indication of just how much Toyo Kogyo got its start as a "Matsuda family industry." To be sure, Toyo Kogyo was headed by founder Jujiro Matsuda followed by his first son, Tsuneji Matsuda, who in turn was succeeded by his first son, Kohei Matsuda, as a third-generation president, and this company had a Matsuda at its top post for about half a century.

Now the first oil shock of 1973 resulted in the rotary engine car, on which this company, falling prey to the fuel problem, had gambled its fate. Its primary market in the United States saw a large inventory pileup, the books in October 1955 showed 17.3 billion yen in the red and Sumitomo Bank, which was its prime bank, took it over, making it a "bank-managed company."

The third-generation president, Kohei Matsuda, who usually made himself heard, saw his hold on the business taken over and there was a shift in December 1977 as a president, Shigeki Yamasaki, who was not a member of the founding family, took over. This is where the "Matsuda family business" was punctuated with a period. Oddly enough, this occurred 50 years after the change in name to Toyo Kogyo.

Reconstruction has been under way since then and has centered on the efforts of president Yamasaki with the aid of officers dispatched by the Sumitomo Bank. During this period the branch buildings in Osaka and Tokyo were sold, a sales force of 5,000 was transferred and the American sales company was sold in some retreat measures while, on the other hand, the development of new cars such as Familia, RX-7 and Capella was pushed in addition to which a financial agreement with Ford was completed in some forward-looking moves.

The books for the period ending October 1983 showed total sales of 1,364.229 billion yen (15.6 percent over the preceding period), an ordinary profit of 45.25 billion yen (a 4.4 percent increase) and a net profit of 25.643 billion yen (a 4.10 percent increase).

Toyo Kogyo was resurrected. At the same time, it changed its name to Matsuda, and its Tokyo branch will shift to Hibiya this August. This year represents a new start for Toyo Kogyo.

The Sumitomo Occupation Forces Which Dispersed the One-man Rule of Kohei

Toyo Kogyo had been called the "Matsuda family industry" at its home ground of Hiroshima. Now why did the third-generation president in the person of Kohei

Matsuda, who had controlled the business, have to relinquish his post? Let us go over this path once more. There are a number of complications involving financial capital and industrial capital, and the manner in which the situation was worked out has revealed a number of lessons that can be learned.

It was in October 1974 when the precarious business situation of Toyo Kogyo surfaced. Sumitomo Bank along with Sumitomo Shintaku Bank not only sent Shinbei Hanaoka (presently senior managing director) and Kazuo Nakamura (presently managing director in gold bullion) to serve as directors but also dispatched key cadre personnel.

In addition, a local product of the financial world in the person of Nissho president Shigeo Nagano and consultant Koji Asai of the Sumitomo Bank were assigned to top consultant posts to lay the foundation for the change. At the same time, a new second financial section for the sole purpose of handling Toyo Kogyo affairs was created within the Sumitomo Bank and director Sotou Tatsumi (at that time assistant manager) took charge. Over them was assistant manager Ichiro Isoda (at that time, the incumbent president), and an all-inclusive support system was set up.

Furthermore, director Tsutomu Murai (at that time incumbent manager of Ashai Brewing) was appointed assistant manager with voting rights in 1976. Also, Kenmei Hasegawa, who was overall manager of the Asian area for Itochu Shoji, was scouted as director in charge of sales. Assigned to serve under him was Shinsei Ohara (incumbent director of Toyo Kogyo), who had been the Urada branch manager.

While assistant manager Murai with his voting rights constrained the one-man rule of president Matsuda, he showed his face at the various financial circles of Hiroshima in an effort to sweep away the Sumitomo Bank allergy. To be sure, at that time Sumitomo Bank was regarded as an "occupation force," and it was regarded by the local group with "expectations and guarded feelings."

On the actual business front important sections such as accounting, transportation and cost control, which set the basic prices and which have been called the core sections of manufacturing, were filled by Sumitomo people, and they steadily took control of the overall operations of Toyo Kogyo.

The cost control section was directly controlled by a three-man group consisting of director Shigeaki Yamasaki (at that time incumbent manager), director Kobuyoshi Yumitsu in charge of accounting and director Tatsumi of the Sumitomo Bank. In this manner, there was a gradual filling of the outer moat.

In the meantime, the feeling against the "occupation forces" that was the allergic response within Toyo Kogyo to the presence of the Sumitomo Bank gradually weakened as 1, 2 and then 3 years went by. This was the result of the old people in key positions who supported the Matsuda one-man system being urged to retire while the personnel policy, which was designed to promote the will to work among workers at the lower levels, began to show its effects. In fact, there were some statements from the top brass of the company labeling president

Matsuda's personnel policy "unfair," and this new trend in personnel movement instilled within the workers a will to work.

Be that as it may, at that time Toyo Kogyo had voting rights vested in the one person of president Matsuda. In addition, the other officials were completely controlled by Kohei's strong personality. In other words, the tea-serving officials were important in that they were allowed to stay close.

Tatsuhiro Takashita, who headed the labor union at that time, even pointed out that "the decline of Toyo Kogyo into the red to end up in the tragedy of a takeover by personnel dispatched by the bank is but the result of the spirit of the important officials who forever backed president Matsuda."

Takashita even put out the following bitter statements in the UNION LETTER.

- (1) "I hear that at the present time, the only ones who have anything to say to the president are Sumitomo and the union. How do the official cadre which surrounds the president feel about this?"
- (2) "They are all thinking of their own security and they lack any feel to improve the fate of Toyo Kogyo."
- (3) "Let us get into a wild tussle with the president." In this manner he berated the officials.

As Sumitomo's awareness revolution began to permeate the company, there were some top brass of the company who began to agree with the Sumitomo occupation forces. A decisive event even where Sumitomo was concerned was the arrival on the scene of Ichiro Maeda to the post of director in January 1977 from his post as head of the manager's (presently executive director) office.

Maeda came from the Bank of Hiroshima and was scouted from Beibi Bank by former president Tsuneji to come to Toyo Kogyo. He was sometimes called Kohei's pocket knife and was a faithful follower of Izumo Matsuda. He had formerly served as sole attendant to Tsuneji during the initial stage of the development of the rotary engine at Toyo Kogyo. This was why the Sumitomo Bank side, when it heard that Maeda had been assigned the important post of head of the manager's office, felt that some weird event had taken place, but Sumitomo Bank also realized that Maeda could not be handled unconditionally.

Maeda had the experience of standing alongside president Kohei in the financial assistance negotiations with Ford, and with his knowledge of the course of the negotiations with Ford, it may be said that it was difficult for Sumitomo to cast aside this awareness and information. This was because where Sumitomo, which had taken over the actual business end, was concerned, what it sought most to find out from its outside position was what had taken place with Ford.

Be that as it may, Sumitomo covered all pathways as it placed director Hiromu Mineoka, who was dispatched from Sumitomo, to ride herd over Maeda while it also placed an assistant in the manager's office to serve under Maeda in the person of a middle-level staff member. In this way, it enveloped the manager's office by a sandwich and laid down a detailed foundation for its activities.

Sumitomo was confident of what would happen. To be sure, Sumitomo had decided that the tenure of President Matsuda was not necessary. That is to say,

president Matsuda was wholeheartedly for reconstruction whereas Sumitomo placed balanced curtailment as its first order in reinforcing the company; as far as Sumitomo was concerned, the presence of Matsuda was actually a nuisance.

As a result, the heads of Sumitomo went to see Shigeo Nagano, who seemed to be the logical successor to Matsuda, and proposed the "scuttling of Matsuda." In order to depose Matsuda, Sumitomo was steadily filling in the outer moats while firming up the interior. As soon as retirement was decided, they elevated a president with no voting rights and pushed him aside as a "symbolic presence."

After he ascended to his presidential post in 1970, Matsuda retreated 7 years later as the symbol of Toyo Kogyo. Oddly enough, it was 50 years after the change in name to Toyo Kogyo. At the same time, it was the seventh memorial for father Tsuneji.

The "Tragedy" of Kohei Matsuda and His Concentration on Work

Let us take a quick look at Kohei Matsuda as he followed the line up Toyo Kogyo.

Kohei was born in 1922 in Hiroshima as the only son of Tsuneji. He attended a local religious middle school, went through the Army Accounting School and then to the law school of Keio University. Because of the war he returned halfway through his studies to Hiroshima and became a director of a dealer for Toyo Kogyo called Matsuda. He returned to Tokyo once more after the war and graduated in 1947. That is to say, he was a student director of Hiroshima Matsuda until his graduation.

Eventually he rose to the post of manager of Hiroshima Matsuda in 1956, and for the next 2 years he left his wife and child behind while he went to work at the American machine tool manufacturer, the Cincinnati Milling Machine Company, to learn the business. While it may have been called study, he worked with the blue-collar workers and learned the basics on the site and had beaten into him the true meaning of production. As a result of this period of study, he acquired top-class ability among managers in the Japanese automotive field where language was concerned. That is to say, in working among the laborers he became able to understand even broken English, and such managers were certainly rare in Japan. When he returned to Hiroshima, he became manager of Matsuda Auto Hiroshima at the age of 36.

Father Tsuneji in 1960 made the decision to develop the rotary engine and, while setting up the full-fledged development of a comprehensive automobile manufacturer, also assigned his eldest son Kohei to defeat the surrounding opposition by promoting him to the position of a vice president of Toyo Kogyo. Since then Kohei became beyond all doubt a true Toyo Kogyo disciple.

With regard to this promotion of Kohei to vice president, Tsuneji in the course of his functions entered the statement "the notes of a foolish parent."

"The second generation or the president's son is a subject of various rumors regardless of the size of a company. I had thoroughly thought the situation over before I asked that my son be made vice president. If that were not possible, I asked that he remain where he was. This was because there were two senior directors and three executive directors below me. To place my son into this situation, there will be scrutiny throughout the company about who will head the company for the next generation. This could create factions, and the company would be split. This was what I feared the most."

This notation may be considered honest. The feeling of a parent for his child is certainly evident. No matter what reason was given, it was evident that he wanted to yield the post of the next president to his son.

This personnel manipulation remained a sore point in Toyo Kogyo, and the support of the top officials of the secretary class who had been there since founder Shigejiro was not obtained; the Matsuda family, contrary to its company's one-man nature, was actually isolated within Toyo Kogyo.

For example, there was the rivalry with director Tokinosuke Murao, who was the husband of Tsuneji's step-sister. This confrontation was one which father Shigejiro worried about, and there was a time when Tsuneji was sent outside. That was in 1947. At one time Tsuneji left Toyo Kogyo and started a ball-point pen company. At that time, Tsuneji and Murao were of divergent opinions as to what was to be expected. Shigejiro was very disturbed by this sibling rivalry. This was because for Toyo Kogyo to restore itself after the war, the company had to work as one. This was why Shigejiro cut off Tsuneji.

As a different stage was entered, Tsuneji feared director (at that time) Satoshi Kawamura, who was a capable man, and so transferred him to become head of Hiroshim Shoko Kaigisho. A major reason in this instance was that Tsuneji felt that Kawamura could become an effective opposition to Kohei when Kohei became the next president. That is to say, even if the secretaries after Shigejiro had to be removed, it was imperative that Kohei be installed as vice president. This may have been the underlying cause for the collapse of Toyo Kogyo.

In any event, once Kohei became vice president, he became a complete company man. The first activity he entered into was a big project in which he as RE [rotary engine] leader flew to visit the NSU Company of West Germany. He diligently poured himself into research when he as group leader of the technological research group went to NSU. One of the group's members was Kenichi Yamamoto (presently a director), showing the youthful nature of this research group.

In the meantime, Kohei was encountering a series of defects with the RE. The fact that a managerial-level man such as Kohei had such a detailed knowledge of technology may date back to this period. Be that as it may, Kohei's diligence in his efforts was also reflected in his side interests. He played with cameras including an 8 mm movie camera as he roamed the city streets to gather data for locating sales outlets. When a new sales outlet was to be established, he had collected with film the conditions of the surroundings even when they were in a foreign country.

He also took his family on drives to test new automobiles. This dedication to work perhaps was an effort to justify his selection as vice president and live up to fatherly expectations and be accepted by the rest of the company. In this respect he always led his forces into battle.

This stance of leading the forces did not change when he became president. During the agreement negotiations with Ford, he was personally involved in the export discussions and the establishment of sales outlets and was even involved in personnel assignments for these sales outlets.

This was the point which the aforementioned union head Takashita objected to when he made the statements: (1) Do not concern yourself with small items. Use the people in charge of the different posts effectively. You are successfully wrecking the people under you. (2) Take a position that you will listen to unpleasant news. Become a man who can suppress his anger. These complaints were aired through the union newspaper.

Kohei, who was unable to trust the people under him, may be considered a tragic manager. Could this have been the result of the executive class at the time, of one man, Tsuneji, getting a glimpse of the overlapping structure. This attitude--that he had to do everything himself--was seen by the other executives as a case of "the president having no faith in our work," and there was a mutual buildup of distrust.

Even during a period of business crisis, Kohei said, "I sometimes get up at 3 in the morning. I then lie awake till dawn wondering how to handle certain automobile designs and lines." Murai, who was there, said, "I too arise at 3 a.m. But I do not think about design but of just how to bring about the recovery of Toyo Kogyo from the entire business end," and he urged a change in the president's intentions.

Matsuda was adhering too closely to a "Matsuda-family Toyo Kogyo" and had lost sight of the general situation. It may be that there was the tragedy of Toyo Kogyo.

Transition from a One-man to a Group-leadership System

The start of the new regime of president Shigeki Yamasaki in December 1977 was also the start of a wide-ranging personnel revolution. During the half-year interval from December to the middle of June, there were 1,122 shifts of office workers above the managerial level in the nonproduction areas. What this means is that of the total of 28,500 workers at Toyo Kogyo, a deduction of the actual number of workers from this total means that almost all of the people above the managerial class in the business-related area were exposed to the baptism of a shift in job in one form or the other. This was such a tremendous revolution that it was a rare member of the "department and section head" class who remained. This is undoubtedly the perfect proof that the placement of Toyo Kogyo under the bank management was responsible for creating the maximum changes.

Furthermore, these personnel shifts extended even to the top class, and there were replacements of division heads of seven industrial headquarters including the automobile manufacturing headquarters.

This major personnel turnover had the agreement of the "board of directors." This "board of directors" represented a departure from the former one-man rule of Matsuda and became the topmost direction-determining organ of this newborn Toyo Kogyo. This was why the wholeheartedness in human nature that sought in one sweep to remove the people aligned to Matsuda resulted from a "conference" in the first step of reconstruction.

This was because there was a tendency during the one-man regime of Kohei toward casual personnel placements, and there were undertones within the company that "personnel handling by Kohei is unfair." Naturally, these casual personnel assignments were more apt to result in the selection of yes-men receptive to the president's ideas. As a result, there was a chronic indulgence in Toyo Kogyo's business affairs as diagnosed by the temporary directors.

The shift at the director level, at which director Moriyuki Watanabe, who had spent all his life in research and development, was made head of the Tokyo branch, represented a very drastic move. At the same time, assistant manager Masaharu Kawano, who had been in the service end all the time, was shifted to a local public relations job as his main line. Since then, Watanabe has served as head of the construction preparation office of the Bofu plant and was elevated to senior director in 1982. At present, he is in charge of the cost control department and heads the quality assurance department. Kawano retired during the same year.

During 1982 Kenichi Yamamoto, who had been head of the rotary research department, was also elevated to senior director status in addition to Watanabe and is in charge of the new technology department and the research and development headquarters. In addition, Akira Fujii, who had served as chief of the Bofu plant, was also promoted to senior director and became chief of the secret document room, general affairs and the labor headquarters. At the same time, Takushi Mitsunari, who had languished in Kohei's time, was promoted to senior director in 1983 and now heads the tertiary work sites, the research and development headquarters and the product inspection office.

Gradual reinforcement of the business end is being attained under this Yamasaki system. In 1980 Shoji Iwazawa, who had been vice president of Sumitomo Bank, rose to president with representation rights. President Kohei was relegated to a role of director and consultant. He is presently owner of the Hiroshima Carps and is very active in the baseball business. It may be said that the Matsuda tint has been swept away from Toyo Kogyo. It has departed from the situation where it will forever have a descendant of the founder as symbolic head.

This series of personnel turnovers was determined by the direction of the board of directors anchored by president Yamasaki. Let us now describe this board of directors, which is the top decision-making organ of the newly reborn Toyo Kogyo.

As a basic rule, the board of directors convenes on Wednesdays, but it can meet as often as necessary. Because of this, any director from managing director and above will go at 4:00 p.m. every day up to the directors' conference room

on the second floor. The directors' conferences are held in the large meeting room, and a chair and table are placed at every site. This assembly of all directors resembles the board of directors meeting of Honda Giken.

The officials from managing director on up actively carry on studies, at times exchange information on production and sales and are embroiled in a functional system in which they are always present at the board of directors' meetings. The president's office serves as the meeting room for the board of directors.

The president's office serves as the general staff directly responsible to the board of directors. For example, when the situation requires, a team may be formed to draw up long-term business plans, budget compilations, a general control plan for the settlement of accounts or assessments of business plans. In addition to this function as an inquiry organ for the board of directors, there are semimonthly meetings presided over by section chiefs, liaisons between different sections and interchanges of views which come under the defensive scope of the president's office. The most important of these is still the work related to the board of directors. Preliminary discussion of problems deliberated on at the board of directors' meeting and the company-wide dissemination of items decided on at this meeting are the main items here.

Quite naturally, the president's office handles a part of the opening and closing of these board of directors' meetings. Sanction requests and decision statements which require approval of someone above the directors' level are sometimes drawn up. This function is not limited to the person in charge but can be assigned to anyone. At times, the drafter of the statement may be invited to explain the situation to the board of directors.

President Yamasaki said, "I make a decision on everything after consultation. It is important to tap the brains of all the members. That is why the board of directors must ride over everything." This is the transition from the so-called one-man system of president Matsuda's regime to a group-directed system.

Sumitomo Bank said that "it was very fortunate to have a man such as Yamasaki around, for he is a warm and sincere person who makes a truly strong president," as they heaped praises on this man.

It can be truly said that Toyo Kogyo was reborn by the business revolution of the type directed by Sumitomo Bank.

Crucial Moment for the Yamasaki System Entering the Finishing Stage

No matter what else is said, the one epoch that stands out in the Yamasaki system reign is the financial agreement that was made with Ford.

It was in 1970 when Toyo Kogyo initiated trade relations with Ford. The capital cooperative negotiations, which continued for 3 years starting in 1969, was reduced to a blank sheet by then president Kohei Matsuda's statement, "I was afraid of a Ford takeover," but the supply of the small-model truck "Proceed" maintained the relationship.

The conditions for cooperation laid down by Ford at that time were fairly severe to Toyo Kogyo and included the proposal that (1) the capital advanced by Ford Company for the first 10 years will have 20 percent assigned to a third party and 10 percent by way of the market. (2) The 10 percent obtained in the market will be frozen for 10 years after which time this freeze will be lifted although no voting rights will be exercised, and the voting right ratio will be set at 30 percent.

In any event, Kohei felt that these conditions laid down by Ford were "aimed at taking us over," and he kicked off negotiations and reduced the negotiations to a blank sheet by his strong action. At this time the Ford side, realizing that father Tsuneji had died, decided simply to end its ties at the trade level.

Later the Ford Company sent a second-generation Ford as emissary to Japan. This group visited the Ujina plant of Toyo Kogyo in Hiroshima at the invitation of new president Yamasaki. At this time the second-generation Ford seemed to have come to Japan just to face president Yamasaki and assess "just what kind of man he was."

In addition, this second-generation Ford held two sessions with the heads of Sumitomo Bank before visiting Yamasaki. This was because Toyo Kogyo was in a financial crisis and was being led by Sumitomo Bank on a path of reconstruction. At this time, Sumitomo Bank had just made Kyonosuke Ibu its president and Ichiro Isoda its manager. The meetings were held with Atsuzo Horita, who had been serving as negotiation partner and as honorary president, and once again there was a character assessment by head to head confrontation.

It may be that this junior Ford felt the need to face directly the top representatives from a powerful bank with whom he had to deal in these capital co-operative negotiations.

The second-generation Ford met twice with the top men of Sumitomo Bank. The first time was at the Tokyo main office of Sumitomo Bank and the second time was at the Ryoteikaku in Kyoto.

Those present at this meeting were, in addition to the junior Ford, six vice presidents under Peterson. The Sumitomo side was represented by Horita, Ibu, Isoda, Iwazawa and Tatsumi, and they were augmented by the top Toyo Kogyo people.

What the Ford side strongly stressed throughout this conference was whether Sumitomo Bank would completely back up any capital arrangement with Toyo Kogyo.

At this time Isoda said, "Ford seems to question whether Sumitomo truly plans to sponsor Toyo Kogyo. They sought to establish this to the point of tediousness. This was why I assured them that we would guarantee our support."

It may be said that at this point the Ford side had decided to enter into this cooperative arrangement. At this point, however, the talks ceased with a trade agreement that the small-model truck, which Ford had requested be

consigned for production and export to four countries, and talks with Toyo Kogyo about supplying Ford with the important car part, the transaxle were completed.

Then in January 1979 specific negotiations were started. The course of these negotiations went smoothly because the Ford side displayed unexpected flexibility in its attitude, and both Sumitomo Bank and Toyo Kogyo were able to conduct their talks in good order.

This is where it seems that Ford was having problems with its being late in the area of compact cars. On the other side, Toyo Kogyo had its reconstruction program well under way but it was faced with the coming battle of the eighties over compact cars, and the curtain was about to rise on the fierce competition in the compact car areas by the four giant car manufacturers--GM, Ford, Toyota and Nissan. It was believed that Toyo Kogyo's strength was not adequate to compete in such a field.

This is where Sumitomo Bank said that "if you go through with your capital cooperation agreement at this time, you will somehow survive. We do not consider handing over all business rights, and Ford is not asking that much," as it revealed its survival strategy.

President Yamasaki said, "Ford has been talking about cooperation for a long time, and this company has picked up its strength while we have resolved to maintain control over our business, so we have decided to go ahead."

As a result, Toyo Kogyo on January 1979 became a member of the Ford group with Ford putting in 24 percent plus capital outlay. This was a situation where Ford was having difficulty turning over its capital but it rescued a dormant Japanese company in the form of a joint union of Ford and Toyo Kogyo in an anomalous step that succeeded.

Ford then tried to approach Toyota with the concept of a joint company on American soil and started negotiations, but this attempt ended without conditions being established and so Toyota ended up with a joint-company establishment with GM.

As a result of such events, and even deeper bond developed between Ford and Toyo Kogyo. The supply of the Familia car in 1980 was initiated in Asia and the Pacific basin, and a diesel engine was added to this supply list in 1982. Supply of the Capella was started in January last year. The sales of these Ford-related products accounted for 10 percent of Toyo Kogyo's total sales. This was equivalent to about 130 billion yen.

The name of Familia was changed to Razor for the domestic market and supply was started to Autorama, which is Ford's sales network in Japan by which means the mass production effect is being raised in the record that is being piled up.

The Yamasaki system has started its 7th year, Director Teruo Wakabayashi, who had been dispatched by Sumitomo Shoji, retired in January this year and returned

to his old nest at Sumitomo Shoji. The new man selected for this director's post is Yukizo Iwata, head of the plans office. A new Ford representative will replace Richard A. Preis.

The Yamasaki system is now entering its 7th year, and it may be said that the time has come for the final finishing stage. Rumors are already floating about of a post-Yamasaki regime involving director Moriyuki Watanabe. President Yamasaki, however, is still healthy and full of energy. Speculation on the post-Yamasaki member brings up the names of Watanabe, director Kenichi Yamamoto and director Akira Rujii along with executive director Hirotaka Iida.

Executive director Michimasa Ohara as the man in charge of sales has been flying to all parts of the country in desperate efforts to share up. Since at least the presidential post is held by a Sumitomo member, Ohara may even rise up to assistant manager.

It may be that the retirement of president Iwazawa may portend the post-Yamasaki days. He completed his term of office in January, but a transfer at this top level was left alone. It is expected that at least there will be a new president for Toyo Kogyo in 2 years. President Yamasaki probably feels that with this change in company name and a new start, the next 2 years will be a polishing-up period.

This is why in the next 2 years, he will be expected to put all his efforts in hurling his finest ball. It will be watched with interest from here on who will ascend to the president's post 2 years hence.

In any event, Toyo Kogyo certainly has divested itself from a "Matsuda family industry" and is greeting a new era. The question of whether with this new name it will secure its hold on third place in the auto industry will depend on the efforts of its work force.



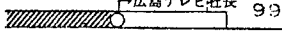

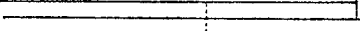

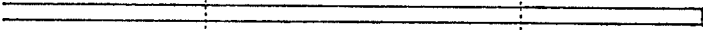
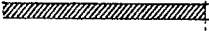
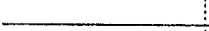
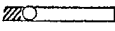






1 東洋工業歴代役員の変遷(昭和27年以降全役員)

NO.1

2 氏 名	3 生 年	4 出 身 校	5 入社年	27・28・29・30・31・32・33・34・35・36・37・38・39・40
松 ³ 田 恒 次	2 ¹ 明28	大 ⁴ 大阪市工	5 ⁷ 昭2	S 13取締役, S 15常務, S 19専務, S 22退任, S 25専務, S 26社長 76
村 ⁴ 尾 時之助	3 ¹ 明36	昭 ² 広島高工	昭12	S 14取締役, S 19常務 77
河 ⁵ 村 郷 四	4 ¹ 明35	大 ¹⁴ 早 大(専)	昭9	S 13取締役, S 24常務 78
大 ⁶ 越 國 治	5 ¹ 明31	大 ¹³ 横浜高工	6 ¹ 昭15	S 10大越器具製作所自営, S 15合併で取締 79
中 ⁷ 野 徳 蔵	6 ¹ 明34	大 ¹² 中 大(専)	昭6	S 19取締 80
竹 ⁸ 林 清 三	7 ¹ 明40	昭 ⁴ 広島高工	6 ³ 昭4	S 25取締 81
田 ⁹ 中 好 一	8 ¹ 明27	明 ⁴⁴ 広島商業	昭25	S 5山陽木材防腐社長, S 25取締 82
登 ¹⁰ 島 亮	9 ¹ 明29	大 ⁶ 中 学	昭25	S 16朝鮮貯蓄銀行取締, S 25監査役 83
西 ¹¹ 川 文 二	3 ¹ 明16		昭25	S 24西川ゴム工業会長, S 25監査役 84
上 ¹² 島 貞 三	1 ¹ 明41	昭 ⁵ 松山高商	6 ⁷ 昭31	S 5三菱商事入, 昭22日本セルローズ取締 85
宮 ¹³ 崎 清 次 郎	2 ¹ 明40	昭 ⁴ 広島高工	6 ⁸ 昭13	
油 ¹⁴ 井 一 人	3 ¹ 明41	昭 ⁵ 名古屋高商	6 ⁹ 昭12	
猪 ¹⁵ 田 峰 雄	4 ¹ 明43	昭 ⁵ 広島県商	7 ⁰ 昭3	
吉 ¹⁶ 川 定 三	5 ¹ 大1	昭 ⁵ 広島県商	7 ¹ 昭5	
樟 ¹⁷ 本 浄 恵	6 ¹ 明39	昭 ³ 神戸高工	7 ² 昭11	
河 ¹⁸ 野 良 雄	7 ¹ 明42	昭 ⁸ 九 大(法)	7 ³ 昭13	
山 ¹⁹ 本 義 武	8 ¹ 明43	昭 ⁸ 早 大(商)	7 ⁴ 昭15	
白 ²⁰ 井 市 郎	9 ¹ 明20		7 ⁵ 昭34	S 13中国酒造社長, S 27ラジオ中国取締, S 29広島瓦斯取締 86

Key:

- | | |
|---|---|
| 1. History of Changes of Officials at Toyo Kogyo (From 1952) No 1 | 23. 1903 |
| 2. Name | 24. 1092 |
| 3. Tsuneji Matsuda | 25. 1898 |
| 4. Tokinosuke Murao | 26. 1901 |
| 5. Satoshi Kawamura | 27. 1907 |
| 6. Kuniharu Ogoshi | 28. 1894 |
| 7. Tokuzo Nakamura | 29. 1896 |
| 8. Seizo Takemori | 30. 1883 |
| 9. Toichi Tanaka | 31. 1908 |
| 10. Tyo Toshima | 32. 1907 |
| 11. Bunji Nishikawa | 33. 1908 |
| 12. Sada Uebana | 34. 1910 |
| 13. Seiji Miyazaki | 35. 1912 |
| 14. Kazuto Aburai | 36. 1906 |
| 15. Mineo Masada | 37. 1909 |
| 16. Sada Yoshikawa | 38. 1910 |
| 17. Sokei Kusumoto | 39. 1887 |
| 18. Yoshio Kawano | 40. School completed |
| 19. Yoshitake Yamamoto | 41. Osaka Metropolitan University, 1915 |
| 20. Ichiro Shirai | 42. Hiroshima Higher Technical School, 1927 |
| 21. Year of birth | 43. Waseda University (professional), 1925 |
| 22. 1893 | |

<div> <div>会長 87</div> <div>社長 88</div> <div>副社長 89</div> <div>専務 90</div> <div>常務 91</div> <div>取締役 92</div> <div>取締役相談役 93</div> <div>監査役 94</div> </div>															現 在	
• 41 • 42 • 43 • 44 • 45 • 46 • 47 • 48 • 49 • 50 • 51 • 52 • 53 • 54 • 55 • 56 • 57 • 58 • 59																
															(故人)	96
																
 広島テレビ社長 99															(広島テレビ会長) 97	
															(故人)	96
																
															相談役	98
															(故人)	96
															(故人)	
															(故人)	
																
															(故人)	
															(故人)	
															(故人)	
																
															(故人)	
															(故人)	

Key continued:

- | | |
|---|---|
| 44. Yokohama Higher Technical School, 1924 | 53. Hiroshima Prefectural Commercial, 1930. |
| 45. Chuo University (professional), 1923 | 54. Kobe Higher Technical School, 1928 |
| 46. Hiroshima Higher Technical School, 1929 | 55. Kyushu University (law), 1933 |
| 47. Hiroshima Higher Commercial, 1911 | 56. Waseda University (business), 1933 |
| 48. Middle school, 1873 | 57. Year of entry into company |
| 49. Matsuyama Higher Commercial, 1930 | 58. 1927 |
| 50. Hiroshima Higher Technical School, 1929 | 59. 1937 |
| 51. Nagoya Higher Commercial, 1930 | 60. 1934 |
| 52. Hiroshima Prefectural Commercial, 1928 | 61. 1940 |
| | 62. 1931 |
| | 63. 1929 |
| | 64. 1950 |
| | 65. 1950 |
| | 66. 1950 |

Key continued:

- | | |
|--|---|
| 67. 1956 | 83. Director of Chosen Savings Bank 1941, auditor 1950 |
| 68. 1938 | 84. President of Nishikawa Gomu Kogyo 1949, auditor 1950 |
| 69. 1937 | 85. Joined Mitsubishi Shoji 1930, director of Nippon Cellulose 1947 |
| 70. 1928 | 86. President of Chugoku Shuzo 1938, director of Radio Chugoku 1952, director of Hiroshima Gas 1954 |
| 71. 1930 | 87. President |
| 72. 1936 | 88. Manager |
| 73. 1938 | 89. Assistant manager |
| 74. 1940 | 90. Senior managing director |
| 75. 1959 | 91. Executive managing director |
| 76. Director 1938, executive director 1940, senior director 1944, retired 1947, senior director 1950, president 1951 | 92. Director |
| 77. Director 1939, executive director 1944 | 93. Present status |
| 78. Director 1938, executive director 1949 | 94. Auditor |
| 79. Self-employed Ogoshi Kigu Seisakusho 1935, also director 1940 | 95. Present status |
| 80. Director 1944 | 96. (Deceased) |
| 81. Director 1950 | 97. (President of Hiroshima TV) |
| 82. President of Sanyo Mokuzai Bofu 1930, director 1950 | 98. Consultant |
| | 99. Manager of Hiroshima TV |

1 東洋工業歴代役員の変遷(昭和27年以降全役員)

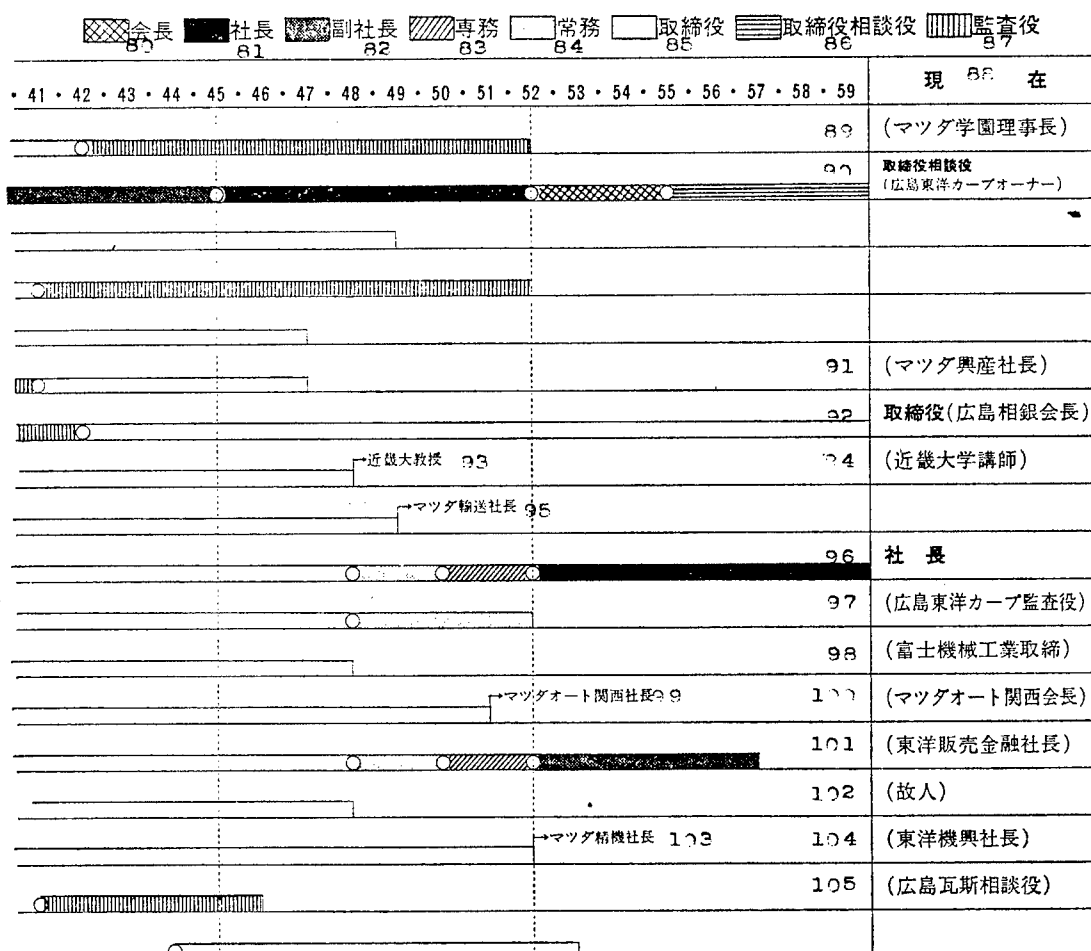
NO.2

2 氏 名	18 生 年	3 7 出 身 校	5 6 入 社 年	27・28・29・30・31・32・33・34・35・36・37・38・39・40
3 須藤 慎太郎	19 明37	3 昭5 慶大()	5 7 昭7	S18取締(〜26) 75
4 松田 耕平	20 大11	5 昭22 慶大(法)	5 8 昭36	S31広島マツタ社長, S34マツタオート広島社長 76
5 黒田 進	21 明44	4 昭10 慶大(経)	5 7 昭18	
6 佐々木 俊雄	22 明44	4 昭3 広島市商	7 昭12	
7 杉野 正章	23 明39	4 昭4 広島高工	6 1 昭16	
8 池田 肇	24 明41	4 昭15 洗心中	6 2 昭14	
9 森本 享	25 明28	4 昭8 早大(法)	6 3 昭39	S26広島相銀社長, S45同会長 77
10 筒井 蛙声	26 明40	4 昭6 広島高工	6 4 昭7	
11 海塚 義郎	27 大4	4 昭12 山口高商	6 5 昭12	
12 山崎 芳樹	28 大3	4 昭13 広島高工	6 6 昭13	
13 石橋 正	29 明44	4 昭12 明大(商)	6 7 昭13	
14 篠原 忠夫	30 明43	4 昭6 広島高工	6 8 昭14	
15 木下 光生	31 大6	5 昭16 東大(法)	6 9 昭16	
16 河野 正治	32 大5	5 昭15 京大(法)	7 0 昭15	
17 石田 満夫	33 大4	5 昭11 広島高工	7 1 昭17	
18 角 田 肇	34 大2	5 昭14 京大(工)	7 2 昭14	
18a 山口 文吾	35 大2	5 昭11 京大(経)	7 3 昭41	S38広島瓦斯社長, S46同会長 78
18b 重見 通雄	36 明45	5 昭9 京大(工)	7 4 昭40	S25通産省重工業局課長, S36同大臣官房審議官 79

Key:

- History of Changes of Officials at Toyo Kogyo (From 1952) No 2
- Name
- Shintaro Sudo
- Kohei Matsuda
- Susumu Kuroda
- Toshio Sasaki
- Masaaki Sugino
- [illegible] Ikeda
- Ryo Morimoto
- Asei Tsutsui
- Yoshiro Kaizuka
- Shigeki Yamasaki
- Tadashi Iwahashi
- Tadao Shinohara
- Mitsuo Kinoshita
- Mashaharu Kawano
- Mitsuo Ishida

- [illegible] Kakuda
- Bungo Yamaguchi
- Nobuo Shigemi
- Year of birth
- 1904
- 1922
- 1911
- 1911
- 1906
- 1908
- 1893
- 1907
- 1915
- 1914
- 1911
- 1910
- 1917
- 1916
- 1915



Key continued:

- | | |
|---|---|
| 34. 1913 | 47. Hiroshima Higher Technical School, 1938 |
| 35. 1913 | 48. Meiji University (business), 1937 |
| 36. 1912 | 49. Hiroshima Higher Technical School, 1931 |
| 37. School completed | 50. Tokyo University (law), 1941 |
| 38. Keio University, 1930 | 51. Tokyo University (law), 1940 |
| 39. Keio University (law), 1947 | 52. Hiroshima Higher Technical School, 1936 |
| 40. Keio University (economics), 1935 | 53. Tokyo University (engineering), 1939 |
| 41. Hiroshima City Commercial, 1928 | 54. Tokyo University (economics), 1936 |
| 42. Hiroshima Higher Technical School, 1929 | 55. Tokyo University (engineering), 1934 |
| 43. Senshin Middle School, 1940 | 56. Year of entry into company |
| 44. Waseda University (law), 1933 | 57. 1932 |
| 45. Hiroshima Higher Technical School, 1931 | 58. 1961 |
| 46. Yamaguchi Higher Commercial, 1937 | 59. 1943 |

Key continued:

- | | |
|---|--|
| 60. 1937 | 86. Director-consultant |
| 61. 1941 | 87. Auditor |
| 62. 1939 | 88. Present status |
| 63. 1964 | 89. (Head of board of directors, Matsuda Gakuen) |
| 64. 1932 | 90. Director-consultant (owner of the Hiroshima Carps) |
| 65. 1937 | 91. (Manager of Matsuda Kyosan) |
| 66. 1938 | 92. Director (president of Hiroshima Sogin) |
| 67. 1938 | 93. Professor at Kinki University |
| 68. 1939 | 94. (Consultant, Kinki University) |
| 69. 1941 | 95. Manager of Matsuda Yuso |
| 70. 1940 | 96. President |
| 71. 1942 | 97. (Auditor of the Hiroshima Carps) |
| 72. 1939 | 98. (Director of Fuji Kikai Kogyo) |
| 73. 1966 | 99. Manager of Matsuda Auto Kwansai |
| 74. 1965 | 100. (President of Matsuda Auto Kwansai) |
| 75. Director 1943 (26) | 101. Manager of Toyo Baibai Kinyu |
| 76. Manager of Hiroshima Matsuda 1956, manager of Matsuda Auto Hiroshima 1959 | 102. (Deceased) |
| 77. Manager of Hiroshima Sogin 1951, president of the same bank 1970 | 103. Manager of Matsuda Seiki |
| 78. Manager of Hiroshima Gas 1963, president of the same company 1971 | 104. (Manager of Toyo Kikyo) |
| 79. Department head of Heavy Industry Bureau, Ministry of International Trade and Industry 1950, councillor to minister of same ministry 1961 | 105. (Consultant to Hiroshima Gas) |
| 80. President | |
| 81. Manager | |
| 82. Assistant manager | |
| 83. Senior managing director | |
| 84. Executive managing director | |
| 85. Director | |

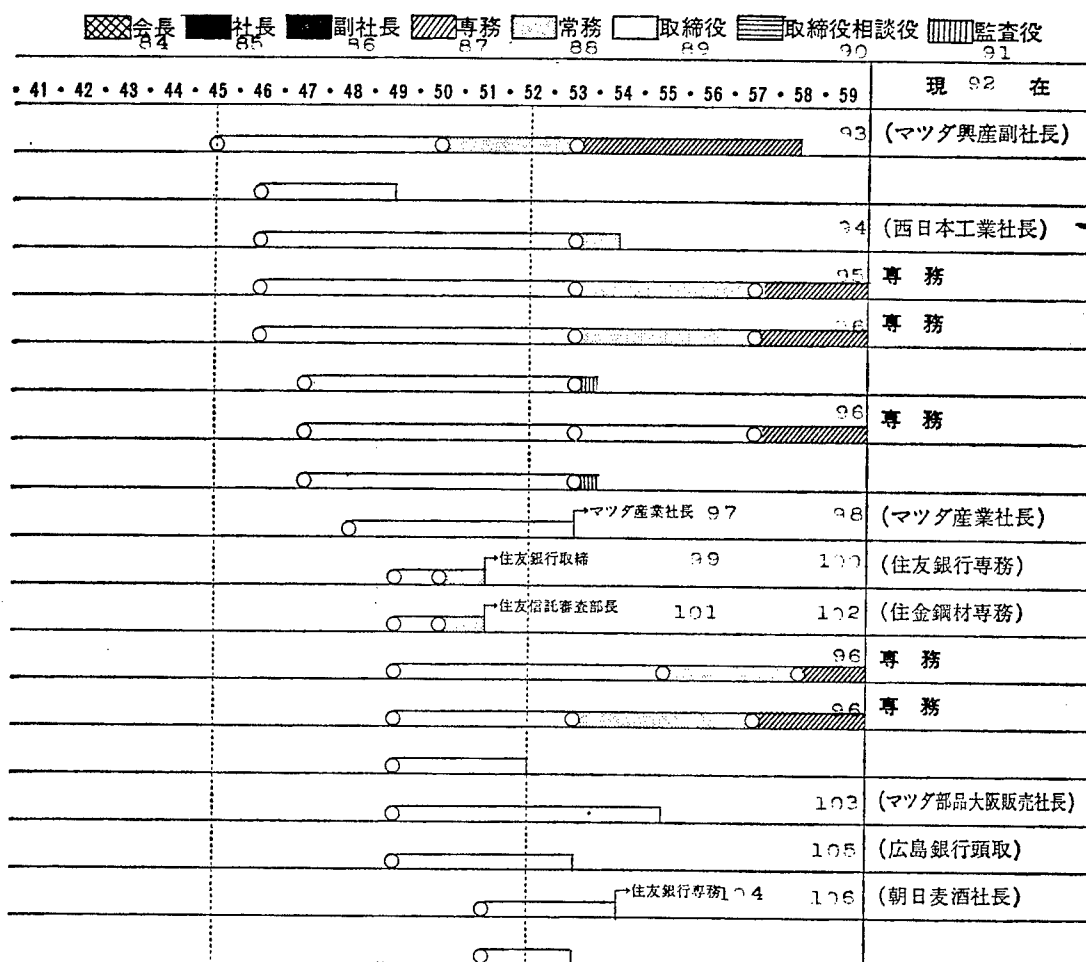
1 □東洋工業歴代役員の変遷(昭和27年以降全役員)

NO.3

2	氏 名	21	生 年	40	出 身 校	60	入社年	27・28・29・30・31・32・33・34・35・36・37・38・39・40
3	六 百 田 一 美	22	大44	1	昭8 広島商業	61	昭9	
4	松 野 清	23	大84	3	昭18 京大(経)	62	昭23	
5	皆 川 泰 久	24	大14	4	昭21 慶大(工)	63	昭22	
6	渡 辺 守 之	25	大11	4	昭20 東大(工)	64	昭21	
7	山 本 健 一	26	大11	4	昭19 東大(工)	65	昭21	
8	松 村 忠 2	27	大4	4	昭12 広島高工	66	昭14	
9	藤 井 明	28	大15	4	昭25 九大(工)	67	昭25	
10	小 林 義 章	29	大7	4	昭14 高松高商	68	昭16	
11	竹 下 晃 泰	30	大12	5	昭23 大阪理工大	69	昭23	
12	花 岡 信 平	31	昭3	5	昭27 阪大(法)	70	昭49	S27住友銀行入, S49同行本店支配人 79
13	中 村 和 生	32	昭5	5	昭28 東大(法)	71	昭49	S28住友信託入, S49同行本店主管者待遇 80
14	光 成 卓 志	33	大10	5	昭19 京大(工)	72	昭20	
15	中 島 一	34	大12	5	昭23 京大(法)	73	昭23	
16	伊 藤 鶴 英	35	大14	5	昭24 京大(経)	74	昭24	
17	祐 光 信 喜	36	大14	5	昭24 山口経専	75	昭24	
18	井 藤 勲 雄	37	明41	5	昭9 京大(法)	76	昭49	S43広島銀行頭取 81
19	村 井 勉	38	大7	5	昭17 東商大	77	昭51	S17住友銀行入, S48同行常務 82
20	長 谷 川 惟 明	39	大10	5	昭16 大阪外大	78	昭51	S16伊藤忠商事入, S49同社アジア総支配人 83

Key:

- | | |
|---|----------------------|
| 1. History of Changes of Officials at Toyo Kogyo (From 1952) No 3 | 19. Tsutomu Murai |
| 2. Name | 20. Nobuaki Hasegawa |
| 3. Kazumi Roppyakuda | 21. Year of birth |
| 4. Kiyoshi Matsuno | 22. 1915 |
| 5. Yasuhisa Minagawa | 23. 1919 |
| 6. Moriyuki Watanabe | 24. 1922 |
| 7. Kenichi Yamamoto | 25. 1922 |
| 8. Tadashi Matsumura | 26. 1922 |
| 9. Akira Rujii | 27. 1915 |
| 10. Yoshiaki Kobayashi | 28. 1926 |
| 11. Akiyasu Takeshita | 29. 1918 |
| 12. Shinpei Hanaoka | 30. 1923 |
| 13. Kazuo Nakamura | 31. 1928 |
| 14. Teishi Mitsunari | 32. 1930 |
| 15. Hajime Nakashima | 33. 1921 |
| 16. Kamohide Ito | 34. 1923 |
| 17. Nobuyoshi Yumitsu | 35. 1925 |
| 18. Isao Ito | 36. 1925 |
| | 37. 1908 |
| | 38. 1918 |



Key continued:

- | | |
|---|--|
| 39. 1921 | 52. Tokyo University (law), 1953 |
| 40. School completed | 53. Tokyo University (engineering), 1954 |
| 41. Hiroshima Commercial, 1933 | 54. Tokyo University (economics), 1948 |
| 42. Kyoto University (economics), 1943 | 55. Tokyo University (economics), 1949 |
| 44. Keio University (engineering), 1946 | 56. Yamaguchi Economic College, 1949 |
| 45. Tokyo University (engineering), 1945 | 57. Tokyo University (law), 1934 |
| 46. Tokyo University (engineering), 1944 | 58. Tokyo University of Commerce, 1942 |
| 47. Hiroshima Higher Technical School, 1937 | 59. Osaka External University, 1941 |
| 48. Kyushu University (engineering), 1950 | 60. Year of entry into company |
| 49. Takamatsu Higher Commercial, 1939 | 61. 1934 |
| 50. Osaka University of Science, 1948 | 62. 1948 |
| 51. Osaka University (law), 1952 | 63. 1947 |
| | 64. 1946 |
| | 65. 1946 |
| | 66. 1939 |

Key continued:

- | | |
|--|---|
| 67. 1950 | 87. Senior managing director |
| 68. 1941 | 88. Executive managing director |
| 69. 1948 | 89. Present status |
| 70. 1974 | 90. Director-consultant |
| 71. 1974 | 91. Auditor |
| 72. 1945 | 92. Present status |
| 73. 1948 | 93. (Vice president Matsuda Kyosan) |
| 74. 1949 | 94. (President of Nishi Nippon Kogyo) |
| 75. 1949 | 95. Senior managing director |
| 76. 1974 | 96. Senior managing director |
| 77. 1976 | 97. Manager of Matsuda Sangyo |
| 78. 1976 | 98. (President of Matsuda Sangyo) |
| 79. Joined Sumitomo Bank in 1952, manager of Yukumoto branch 1974 | 99. Director of Sumitomo Bank |
| 80. Joined Sumitomo Bank in 1953, main inspector of Yukumoto branch 1974 | 100. (Director of Sumitomo Bank) |
| 81. Manager of Hiroshima Bank 1968 | 101. Head examiner of department sent by Sumitomo |
| 82. Joined Sumitomo Bank in 1942, executive director 1973 | 102. (Managing director of Sumitomo Kozai) |
| 83. Joined Itochu Shoji in 1941, overall Asian manager 1974 | 103. (Manager of Matsuda Buhin (saka Baibai) |
| 84. President | 104. Senior managing director of Sumitomo Bank |
| 85. Manager | 105. (Manager of Hiroshima Bank) |
| 86. Assistant manager | 106. (Manager of Ashai Brewing) |

1 □東洋工業歴代役員の変遷(昭和27年以降全役員)						NO.4	
2	氏 名	21	生 年	40	出 身 校	59	入社年
							27・28・29・30・31・32・33・34・35・36・37・38・39・40
3	小 林 敏 郎	22	大10	41	昭19 旅順工大	60	昭21
4	飯 田 博 孝	23	大12	42	昭19 広島高工	61	昭21
5	中 峠 定	24	大14	43	昭23 京大(法)	62	昭23
6	峯 岡 弘	25	昭6	44	昭30 東大(法)	63	昭51
7	猪 俣 滸	26	昭6	45	昭30 東大(法)	64	昭51
8	若 林 輝 雄	27	大12	46	昭21 阪大(工)	65	昭53
9	山 下 秀	28	大11	47	昭24 東商大	66	昭53
10	蓮 田 昇	29	大14	48	昭25 東大(経)	67	昭25
11	前 田 市 郎	30	大13	49	昭27 神戸経大	68	昭31
12	大 森 茂 夫	31	大15	50	昭22 広島工専	69	昭22
13	石 川 恭 三	32	大13	51	昭23 東商大	70	昭23
14	正 岡 博	33	大14	52	昭22 広島工専	71	昭22
15	星 埜 一 彦	34	大12	53	昭22 東大(法)	72	昭54
16	新 良 篤	35	昭8	54	昭31 東大(法)	73	昭54
17	大 原 通 正	36	昭9	55	昭32 神戸大(経営)	74	昭51
18	松 井 雅 隆	37	昭9	56	昭22 東大(工)	75	昭23
19	遠 藤 浩 司	38	大13	57	昭23 京大(工)	76	昭23
20	木 下 守 代	39	大13	58	昭23 京大(法)	77	昭23

Key:

- | | |
|---|-------------------------|
| 1. History of Changes of Officials at Toyo Kogyo (From 1952) No 4 | 16. Atsushi Arayoshi |
| 2. Name | 17. Susumasa Ohara |
| 3. Toshiro Kobayashi | 18. Masataka Matsui |
| 4. Hirotaka Iida | 19. Hiroshi Endo |
| 5. Sadamu Nakatao | 20. Morioyori Kinoshita |
| 6. Hiromu Mineoka | 21. Year of birth |
| 7. Kiyoshi Shishimata | 22. 1921 |
| 8. Teruo Wakabayashi | 23. 1923 |
| 9. Hide Yamashita | 24. 1925 |
| 10. Noboru Hasuda | 25. 1931 |
| 11. Ichiro Maeda | 26. 1931 |
| 12. Shigeo Omori | 27. 1923 |
| 13. Kyozeo Ishikawa | 28. 1922 |
| 14. Hiroshi Masaoka | 29. 1925 |
| 15. Kazuhiko Hoshiya | 30. 1924 |
| | 31. 1926 |
| | 32. 1924 |

<div> <div>会長 85</div> <div>社長 86</div> <div>副社長 87</div> <div>専務 88</div> <div>常務 89</div> <div>取締役 90</div> <div>取締役相談役 91</div> <div>監査役 92</div> </div>																	
・ 41 ・ 42 ・ 43 ・ 44 ・ 45 ・ 46 ・ 47 ・ 48 ・ 49 ・ 50 ・ 51 ・ 52 ・ 53 ・ 54 ・ 55 ・ 56 ・ 57 ・ 58 ・ 59																	
																	現 93 在
																	94 (広島工大教授)
																	88 常 務
																	95 (マツダ興産副社長)
																	97 (住友銀行常務)
																	96 (住友信託取締)
																	100 (住友商事副社長)
																	101 (オートラマ副社長)
																	88 常 務
																	89 常 務
																	102 (マツダ部品広島販売社長)
																	89 常 務
																	89 専 務
																	88 専 務
																	90 取締役
																	90 取締役
																	103 (東洋販売金融専務)

Key continued:

- | | |
|---|---|
| 33. 1925 | 48. Tokyo University (economics), 1950 |
| 34. 1923 | 49. Kobe Economic University, 1952 |
| 35. 1933 | 50. Hiroshima Technical College, 1947 |
| 36. 1934 | 51. Tokyo Commercian University, 1948 |
| 37. 1934 | 52. Hiroshima Technical College, 1947 |
| 38. 1924 | 53. Tokyo University (law), 1947 |
| 39. 1924 | 54. Tokyo University (law), 1956 |
| 40. School completed | 55. Kobe University (business administration), 1957 |
| 41. Ryojun Technical University, 1944 | 56. Tokyo University (engineering), 1947 |
| 42. Hiroshima Higher Technical School, 1944 | 57. Tokyo University (engineering), 1948 |
| 43. Tokyo University (law), 1948 | 58. Tokyo University (law), 1948 |
| 44. Tokyo University (law), 1955 | |
| 45. Tokyo University (law), 1955 | |
| 46. Osaka University (engineering), 1946 | |
| 47. Tokyo Commercial University, 1949 | |

Key continued:

- | | |
|-----------------------------------|--------------------------------------|
| 59. Year of entry into company | 83. Joined Sumitomo Shintaku in |
| 60. 1946 | 1956, head of overall plans |
| 61. 1946 | department 1977 |
| 62. 1948 | 84. Joined Sumitomo Bank in 1957, |
| 63. 1976 | head of Urada branch 1974 |
| 64. 1976 | 85. President |
| 65. 1978 | 86. Manager |
| 66. 1978 | 87. Assistant manager |
| 67. 1950 | 88. Senior managing director |
| 68. 1956 | 89. Executive managing director |
| 69. 1947 | 90. Director |
| 70. 1948 | 91. Director-consultant |
| 71. 1947 | 92. Auditor |
| 72. 1979 | 93. Present status |
| 73. 1979 | 94. (Professor at Hiroshima Tech- |
| 74. 1976 | nical University) |
| 75. 1948 | 95. (Assistant manager at Matsuda |
| 76. 1948 | Kyosan) |
| 77. 1948 | 96. Director of Sumitomo Bank |
| 78. Joined Sumitomo Bank in 1955, | 97. (Executive managing director |
| manager of Yukumoto branch | of Sumitomo Bank) |
| 1976 | 98. (Director of Sumitomo |
| 79. Joined Sumitomo Shintaku in | Shintaku) |
| 1955, councillor to Yukumoto | 99. Manager of Sumitomo Shoji USA |
| branch 1976 | 100. (Assistant manager at Sumitomo |
| 80. Joined Sumitomo Shoji in | Shoji) |
| 1946, director 1974 | 101. (Assistant manager of Autorama) |
| 81. Joined Sumitomo Shoji in | 102. (Manager of Matsuda Buhin |
| 1949, senior managing direc- | Baibai Hiroshima) |
| tor 1977 | 103. (Senior managing director of |
| 82. Joined (Shokosho) 1947, head | Toyo Baibai Kinyu) |
| of Nagoya International Trade | |
| and Industry Bureau 1969, direc- | |
| tor of Medium and Small Industry | |
| Group 1975 | |

1 ■東洋工業歴代役員の変遷(昭和27年以降全役員)

NO.5

2氏名	2生年	4出身校	5入社年	27・28・29・30・31・32・33・34・35・36・37・38・39・40
3 黒田 堯	22 大15	昭26 九大(工)	60 昭26	
4 松村 幸二	23 大15	昭23 九大(工)	61 昭23	
5 山道 博	24 大13	昭23 神戸経大	62 昭23	
6 岩澤 正二	25 大2	昭13 東商大	63 昭55	S13住友銀行入, S50同行副頭取 78
7 ゴードンビー・リッグス	26 1931	1957 ハーバード ビジネス.S	64 昭55	S54フォード(日本)東洋工業担当エグゼクティブディレクター 79
8 沖野 貞夫	27 昭7	昭31 京大(経)	65 昭55	S31住友銀行入, S54同行本店支配人 80
9 小松 哲三	28 昭3	昭23 広島工専	66 昭23	
10 信藤 整	29 昭7	昭29 山口大(工)	67 昭34	
11 宮地 誠	30 昭7	昭30 京大(法)	68 昭30	
12 北島 秀夫	31 昭8	昭30 慶大(経)	69 昭30	
13 山根 寛作	32 明38	昭2 神戸高商	70 昭55	S46中国電力社長, S56同社社長 81
14 エドモンビー・ウィリアムス	33 1923	1950 ミネソタ大	71 昭55	S54フォード・アジア・パシフィック社長 82
15 ウィリアム・エル・ディックス	34 1926	1947 オーストラリア 会計専S	72 昭55	S54フォード(日本)社長 83
16 小林 規威	35 昭7	昭28 ハーバード大	73 昭55	S54慶応大学ビジネススクール校長 84
17 坂下 和史	36 大14	昭25 広島大(理)	74 昭25	
18 松井 啓	37 大15	昭25 京大(工)	75 昭25	
19 阪田 欽三	38 昭10	昭32 神戸大(経)	76 昭56	S32住友信託入, S55同行本店参事 85
20 仁熊 英資	39 昭2	昭23 宇部工専	77 昭27	

Key:

- | | |
|---|-------------------------|
| 1. History of Changes of Officials at Toyo Kogyo (From 1952) No 5 | 17. Kazushi Sakanoshita |
| 2. Name | 18. Akira Matsui |
| 3. Takashi Kuroda | 19. Inzo Sakata |
| 4. Koji Matsumura | 20. Hideshi Jinno |
| 5. Hiroshi Yamamichi | 21. Year of birth |
| 6. Shoji Iwazawa | 22. 1926 |
| 7. Gordon B. Riggs | 23. 1926 |
| 8. Sadao Okino | 24. 1924 |
| 9. Tetsuzo Komatsu | 25. 1913 |
| 10. Tadasu Shindo | 26. 1913 |
| 11. Makoto Miyaji | 27. 1932 |
| 12. Tideo Kitajima | 28. 1928 |
| 13. Kansaku Yamane | 29. 1932 |
| 14. Edson B. Williams | 30. 1932 |
| 15. William L. Dicks | 31. 1933 |
| 16. Kii Kobayashi | 32. 1905 |
| | 33. 1923 |
| | 34. 1926 |

[illegible]

Key continued:

35. 1932
36. 1925
37. 1926
38. 1935
39. 1927
40. School completed
41. Kyushu University (engineering), 1951
42. Kyushu University (engineering), 1948
43. Kobe Economic University, 1948
44. Tokyo Commercial University, 1938
45. Harvard Business School, 1957
46. Tokyo University (economics), 1956
47. Hiroshima Technical College, 1948
48. Yamaguchi University (engineering), 1954
49. Tokyo University (law), 1955
50. Keio University (economics), 1955
51. Kobe Higher Commercial, 1927
52. Minnesota University, 1950
53. Accounting School of Australia, 1947
54. Harvard University, 1950
55. Hiroshima University (science), 1950
56. Tokyo University (engineering), 1950
57. Kobe University (economics), 1957

Key continued:

- | | |
|---|--|
| 58. Ube Technical College, 1948 | 83. Manager of Ford (Japan) 1979 |
| 59. Year of entry into company | 84. Head of Keio University
Business School 1979 |
| 60. 1951 | 85. Joined Sumitomo Bank in 1957,
councillor of the Yukumoto
branch 1980 |
| 61. 1948 | 86. President |
| 62. 1948 | 87. Manager |
| 63. 1980 | 88. Assistant manager |
| 64. 1980 | 89. Senior managing director |
| 65. 1980 | 90. Executive managing director |
| 66. 1948 | 91. Director |
| 67. 1959 | 92. Director-consultant |
| 68. 1955 | 93. Auditor |
| 69. 1955 | 94. Present status |
| 70. 1980 | 95. (Executive managing director
of Matsuda Sangyo) |
| 71. 1980 | 96. Permanent councillor |
| 72. 1980 | 97. (Director of Sumitomo Bank) |
| 73. 1980 | 98. Director (president of Chugoku
Denryoku) |
| 74. 1950 | 99. (Assistant manager of Ford) |
| 75. 1950 | 100. (Manager of Ford Australia) |
| 76. 1981 | 101. Director (professor at Keio
University) |
| 77. 1952 | 102. (President of Nishikawa
Kasei) |
| 78. Joined Sumitomo Bank in
1938, assistant manager
1975 | 103. (Assistant manager of Nippon
Hensokuku) |
| 79. Executive director in
charge of Ford (Japan Toyo
Kogyo) 1979 | |
| 80. Joined Sumitomo Bank in 1956,
manager of Yukumoto Branch
1979 | |
| 81. Manager of Chugoku Denryoku
1970, president 1981 | |
| 82. Manager of Ford Asia Pacific
1979 | |

1 東洋工業歴代役員の変遷(昭和27年以降全役員)

NO.6

氏名	生年	出身校	入社年	27・28・29・30・31・32・33・34・35・36・37・38・39・40
3 浅野 敬司	昭9	昭32 京大(法)	昭56	S32 住友銀行入, S55 同行調査役 82
4 鳥山 晃	昭6	昭29 京大(経)	昭29	
5 鳥田 祥三	昭3	昭22 広島工専	昭22	
6 住野 善三郎	昭3	昭23 広島工専	昭35	
7 光岡 照夫	昭4	昭29 広島大(経)	昭29	
8 山之内 道徳	昭8	昭30 阪大(工)	昭30	
9 高橋 昭八郎	昭8	昭31 九大(工)	昭31	
10 伊藤 正	大11	昭24 東大(法)	昭57	S24 住友商事入, S56 同社副社長 83
11 ジョン・ティー・イービー	1938	1962 オハイオ州大	昭57	S56 フォード(日本)社長 84
12 太田 唯男	昭2	昭26 阪大(工)	昭26	
13 和田 淑弘	昭6	昭30 一橋大	昭58	S30 住友銀行入, S57 同行取締役 85
14 川崎 栄一	昭9	昭32 東大(法)	昭58	S32 住友信託入, S57 同行本店参事 86
15 池田 弘	昭4	昭23 広島工専	昭23	
16 望月 澄男	昭7	昭30 東大(工)	昭30	
17 後藤 昌司	昭6	昭30 早大(法)	昭30	
18 小澤 通宏	昭7	昭30 東京教育大	昭30	
19 サーク・ブライアン・イングリス	1924	1950 ミシガン大院	昭58	S57 フォード・アジア・パシフィック社長 87
20 リチャード・エイ・プレイス	1934	1960 ジョージア工大	昭59	
21 岩田 幸三	昭6	昭29 山口大(工)	昭29	

Key:

- | | |
|---|----------------------|
| 1. History of Changes in Officials at Toyo Kogyo (From 1952) No 6 | 18. Michihiro Ozawa |
| 2. Name | 19. Sir Bryan Ingles |
| 3. Keishi Asano | 20. Richard A. Preis |
| 4. Akira Toriyama | 21. Kozo Iwata |
| 5. Shoso Torita | 22. Year of birth |
| 6. Zensaburo Sumino | 23. 1934 |
| 7. Teruo Mitsuoka | 24. 1931 |
| 8. Michitoku Yamanouchi | 25. 1928 |
| 9. Shohachiro Takahashi | 26. 1928 |
| 10. Tadashi Ito | 27. 1929 |
| 11. John T. Eby | 28. 1933 |
| 12. Tadao Ota | 29. 1933 |
| 13. Yoshihiro Wada | 30. 1922 |
| 14. Eiichi Kawasaki | 31. 1938 |
| 15. Hiromu Ikeda | 32. 1927 |
| 16. Sumio Mochizuki | 33. 1931 |
| 17. Masashi Goto | 34. 1934 |
| | 35. 1929 |
| | 36. 1932 |

<div><div><div><div><div></div><div>会長</div><div>88</div></div><div><div><div></div><div>社長</div><div>89</div></div><div><div><div></div><div>副社長</div><div>90</div></div><div><div><div></div><div>専務</div><div>91</div></div><div><div><div></div><div>常務</div><div>92</div></div><div><div><div></div><div>取締役</div><div>93</div></div><div><div><div></div><div>取締役相談役</div><div>94</div></div><div><div><div></div><div>監査役</div><div>95</div></div></div></div></div></div></div></div></div></div></div></div>												
・ 41 ・ 42 ・ 43 ・ 44 ・ 45 ・ 46 ・ 47 ・ 48 ・ 49 ・ 50 ・ 51 ・ 52 ・ 53 ・ 54 ・ 55 ・ 56 ・ 57 ・ 58 ・ 59												
										現 96 在		
										取締役	93	
										96a 北米マツダ社長	取締役(北米マツダ社長)	97
											常任監査役	98
											取締役	93
											取締役	93
											取締役	93
											取締役	93
											取締役(住友商事社長)	99
											取締役(フォード・日本社長)	100
											監査役	101
											専 務	91
											常 務	91
											取締役	93
											取締役	93
											取締役	93
											取締役	93
											取締役 (フォード・アジア・パシフィック社長)	92
											取締役	93
											取締役	93

Key continued:

37. 1931
38. 1932
39. 1924
40. 1934
41. 1931
42. School completed
43. Kyoto University (law), 1957
44. Kyoto University (economics), 1954
45. Hiroshima Technical College, 1947
46. Hiroshima Technical College, 1948
47. Hiroshima University (economics), 1954
48. Osaka University (engineering), 1955
49. Kyushu University (engineering), 1956
50. Tokyo University (law), 1949
51. Ohio State University, 1962
52. Osaka University (engineering), 1951
53. Ichibashi University, 1955
54. Tokyo University (law), 1957
55. Hiroshima Technical College, 1948
56. Tokyo University (engineering), 1955
57. Waseda University (law), 1955
58. Tokyo University of Education, 1955
59. Michigan University Graduate School, 1950
60. George Washington University, 1960
61. Yamaguchi University (engineering), 1954

Key continued:

- | | |
|--------------------------------|---|
| 62. Year of entry into company | 82. Joined Sumitomo Bank in 1957, investigator 1980 |
| 63. 1981 | 83. Joined Sumitomo Shoji in 1949, assistant manager 1981 |
| 64. 1954 | 84. Manager of Ford (Japan) 1981 |
| 65. 1947 | 85. Joined Sumitomo Bank in 1955, director 1982 |
| 66. 1960 | 86. Joined Sumitomo Shintaku in 1957, councillor of the Yuku-moto branch 1982 |
| 67. 1954 | 87. Manager of Ford Asia Pacific 1982 |
| 68. 1955 | 88. President |
| 69. 1956 | 89. Manager |
| 70. 1982 | 90. Assistant manager |
| 71. 1982 | 91. Senior managing director |
| 72. 1951 | 92. Executive managing director |
| 73. 1983 | 93. Director |
| 74. 1983 | 94. Director-consultant |
| 75. 1948 | 95. Auditor |
| 76. 1955 | 96. Present status |
| 77. 1955 | a. Manger of North American Mazda |
| 78. 1955 | 97. Director (manager of North American Mazda) |
| 79. 1983 | 98. Permanent investigator |
| 80. 1984 | 99. Director (manager of Sumitomo Shoji) |
| 81. 1954 | 100. Director (manager of Ford Japan) |
| | 101. Investigator |
| | 102. Director (manager of Ford Asia Pacific) |

The Complex Pattern of the Post-Yamasaki Stage With Its Involvement of Sumitomo Personnel

Top Placements Will Take Place at the Stockholders' Meeting Next January

"Toyo Kogyo will never be 'Sumitomo Motors.' This is why it is important at all costs to select the proper man for the manager's post."

Manager Ichiro Isoda of Sumitomo Bank, when he set out on the reconstruction of the financially ailing Toyo Kogyo 7 years ago, stated that "this bank will serve to the fullest as a bank," as he stated his basic stand. It was in this situation that manager Shigeki Yamasaki was selected from the ranks of the senior managing directors to take over from the one-man management of Kohei Matsuda, who was also of the third generation of the Matsuda clan in this post. This happened in December 1977.

Since that time, this company has come forth with a series of hit cars which it shipped out to the world, including the Cosmos, Rutier, Campella, RX-7 and Familia, and in no time had gotten back on the track to reconstruction. The October 1983 period sales showed an increase of 15.6 percent over the previous period to 1.3642 trillion yen and an ordinary profit increase of 4.4 percent to 45.2 billion yen and greatly widened the gap between it and its rival Mitsubishi Auto. During the same period, the number of units produced, increased 11.7 percent to 1.34 million cars and assured itself the number three position among the domestic car producers next to Toyota and Nissan.

During this period it had entered into a capital cooperation agreement with the second largest automobile manufacturer in the world, the Ford Company of the United States, and this company was supported by the two pillars of Ford and Sumitomo Bank while it completed construction of the most modern passenger car manufacturing plant at Bofu in Yamaguchi Prefecture to resolve a long-standing problem of displaying spectacular activity. Furthermore, it plans this year to realize its goal of producing passenger cars on site at the so-called "royal grounds of the automobile," the United States, and scheduled a change in name to "Matsuda" as a brand recognizable worldwide in May and overall was looking to a year of truly great achievements.

On the other hand, this Yamasaki system which at one glance seems to be moving forward with all sails filled was not without its problem. It was the unspoken but evident problem of the successor. What was definite here was that the successor will have to be, just as manager Yamasaki himself was, entwined with Toyo Kogyo proper. On the other hand, all the outstanding talent which according to rumors had a chance at this post had their "strong and weak points," or in other words, the present situation is that all of the prospective candidates are in a dead heat for this managerial seat.

In another direction, what about the balance of power between manager Yamasaki and Sumitomo with regard to the power to select the successor? It would be the basic rule that manager Yamasaki would have the power to select his successor, but it is inevitable that the money source will make its logic heard. At the present time, when Toyo Kogyo's business has increased sharply, Sumitomo will not have excessive demands with regard to the selection of the top people.

Certainly, if Sumitomo were to raise its conditions, then the man selected would have to be more acceptable to Sumitomo.

Now it was in early August of last year that rumors about the possible successor to manager Yamasaki began circulating. At the end of June last year executive managing director Atsuo Yakata of Mitsubishi Motor and assistant manager Toshio Fukazawa of Hino Motors were promoted to managers, followed by the elevation of senior managing director Teishi Kume to the post of manager at Honda Giken in September in a series of personnel changes that were announced. In a similar manner, this year saw the decision made by the board of directors of Isuzu Motors at the annual stockholders' meeting in January vote for the passing of the manager's baton from incumbent Toshio Okamoto to assistant manager Kazuo Tobiyama, and this series of personnel changes suddenly focused attention on the situation at Toyo Kogyo.

Certainly if one were limited to an objective view of the state of affairs, nothing would seem amiss had manager Yamasaki retired at any time. His record as an administrator was one that was very hard to equal, and there seemed to be no reason to fault him for "yielding to his successor" while the going was good. He will be 70 years old in April. On the other hand, the judgment of caretaker Sumitomo Bank was 180 degrees out of phase.

President Isoda of Sumitomo Bank said last fall with regard to the personnel problem at the top level of Toyo Kogyo, "Why does he have to retire now? I see no reason why Yamasaki should retire now. If he has to retire because of age, there are any number of other companies with administrators in the same position," as he revealed his disapproval of any thought of retirement as he emphasized his thoughts to the eagerly awaiting members of the mass communication media. It was with this one statement that the tenure of manager Yamasaki was retained.

Certainly there seems to be no reason why manager Yamasaki should retire at this time. It was Yamasaki, who had restructured the cooperative parts company which had gone downhill as the result of distrust created by the Matsuda system, and the relationships with the dealers through trusting relationships and the degree of trust of the company members in him are proof of his great humanness and his prowess as an administrator. On the other hand, even though it was decided that manager Yamasaki will remain, there are many doubts whether he will stay for the full 2-year term. No matter how much president Isoda claims that Yamasaki is not too old, it is clear that the age of 70 years is one of the set dates for the retirement of managers, and the top company members of Toyo Kogyo themselves are sensitive to this impending change at the top. There is general agreement that this event will take place at the January 1985 stockholders general meeting.

The "Situation at Home" of Sumitomo Bank Has Subtle Effects

Now just why will the term be half-extended? Why will the term be extended just one more year until replacement? The reasons here are extremely complex. One is the selection of the succeeding administrator while another is the situation at Sumitomo Bank, which oversess Toyo Kogyo.

First of all, the successor problem is faced with the question of why, when a company is undergoing a restructuring that may even be called a miracle, it would take such a risk as changing its top man. The reasoning is certainly full of common sense. It would be more prudent to select the successor first. To this end, there should be a margin of about a year. This may be the [questionable feeling] of people connected with the situation.

The other problem is the internal situation at Sumitomo which is the result of the dispatching of so many people to Toyo Kogyo. The particular personnel problem involves president Shoji Iwazawa, who 4 years ago went from an assistant manager at Sumitomo Bank to president of Toyoko. There is also the question of what to do with Sotou Tatsumi, who was an assistant manager at Sumitomo Bank, went to Toyoko and served in the capital cooperation negotiations with Ford.

President Iwazawa was of the same period as president Isoda of Sumitomo Bank and was also an assistant manager at the same time, and when Isoda was promoted to manager, there was the intricacy of placing Iwazawa as president of Toyoko. As a result, when manager Yamasaki retires, the retirement of Iwazawa will stop him from balancing with Isoda.

This was a point of which Isoda also was aware and about which he said, "When Yamasaki retires, what will Iwazawa do? Don't feel sorry for Iwazawa." To be sure, this statement was made by Isoda last fall when he was top man. In less than a month after he had made this statement Isoda suddenly announced his retirement at the end of November and immediately took over the post as president.

This personnel change, which hit like an electric shock, prompted president Iwazawa to say, "His retirement seems somewhat premature," as he revealed his sentiments. This was a good example of how the personnel affairs at the top level of Sumitomo subtly affected the top personnel makeup at Toyoko in the nuance that was transmitted.

This subtlety has also made some waves with the treatment of assistant manager Tatsumi, who has been playing the role of the man behind the scenes at Toyoko. Tatsumi had been a formidable rival to Yasushi Komatsu, who took over when Isoda resigned his post. This is why it may be in order that just as in the precedent set by Isoda and Iwazawa, assistant manager Tatsumi eventually will transfer to some related company. At the present time, the promising sites for Tatsumi are Toyoko and Sumitomo Realty. In the case of Sumitomo Realty, the post of president to succeed manager Taro Ando is expected to become vacant. On the other hand, Tatsumi served as the pipeline between Toyoko and Ford, and he is a difficult man to be replaced by others and does not seem ready to transfer his services to a company other than Toyoko.

Nevertheless, it is a major problem about just what post in Toyoko to assign Tatsumi that has to be resolved. Just as president Iwazawa had been, Tatsumi held the number two post of a Sumitomo man where importance was concerned and, as such, could not be considered for any other post but manager or president at Toyoko.

First of all, the possibility of Tatsumi being promoted to manager seems very good based on the statement by President Isoda of the iron-clad rule that "the position of manager is proper," which dims his chances for the presidency. It is difficult to select from the remaining candidates because of the subtle manipulations of president Iwazawa. This situation also applies to manager Yamasaki's position. Manager Yamasaki has such a good record that once he retires from his manager's post, he will doubtless ascend to the presidency. Assuming that he retires from the manager's position to be a consultant, the company people will consider this too trivial while the cooperative parts manufacturers and car dealers may refuse to accept delivery. As a result, Tatsumi will find both the president and manager posts "occupied," and as long as no new post such as vice president is created, his promotion seems cloudy. It must be considered that these complex personnel entanglements must have been the reason that personnel changes at the top were envisioned in the October 1983 accounting. This was the reason it was claimed that some time was needed to resolve this personnel situation at the top.

Competition Between Sumitomo Bank and Manager Yamasaki Regarding Ford

Before delving more into this problem of the specific successor, there is need to touch once more on the position of manager Yamasaki as an administrator. This is because the lines of thought of both Yamasaki and Sumitomo Bank will greatly control the selection of the successor.

Manager Yamasaki at one glance seems to be a brilliant person, and he has a body that can undertake strenuous bouts of soccer and golf. He has great self-control and loves "quiet." His strong heart is reflected in his stubbornness, and this seems to be a point that rankles Sumitomo. Sumitomo should not be unhappy in view of his marvelous record, yet why is it concerned over this stubbornness? The answer here lies in the friction between the two arising from unseen events during the contacts with Ford.

The basic stance of Sumitomo is a stronger cooperative agreement between Toyoko and Ford, a stance which reflects a really strong feeling on its part. Sumitomo says that Ford came to the aid of Toyoko in its hour of need. Despite this aid, Toyoko is rather cool to Ford, claims Sumitomo.

Now the attitude of manager Yamasaki and the proper Toyoko people under him differs from that of Sumitomo. Put conclusively, "if we follow the example of the situation between Mitsubishi and Chrysler and say that things are going well now and we go in deeper, there is where the danger lies." It is the majority feeling that Matsuda still has not sufficient strength to be able to aid Ford.

Manager Yamasaki has walked through the work site and knows it well. At the same time, he has a good picture of the Ford layout. This is where there is a considerable difference between him and the bank with regard to their judgment of the quality of the Ford labor force and its plant.

At the present time, the portion of Toyoko's sales attributable to Ford sources totals about 10 percent. Sumitomo would like to see this portion increased to

at least 25 percent, and this difference in their views toward Ford between these two parties is the underlying cause for concern on the Sumitomo side toward Yamasaki.

On the other hand, there is a school of thought that considers the Yamasaki regime to be over. The following reasons can be offered for this view.

"To be sure, manager Yamasaki has piled up an enviable record designed to bring harmony to the Matsuda group. While reconstruction was under way, it was fine to stick to the true aspects of the rules. On the other hand, now that the company has been rebuilt, there is some question about its basic adherence to those same rules."

"When there has been a state of disorder, a man such as Yamasaki, who sees that everyone pulls together is more fitted to the job than one who tries to pull everyone along. But there is always the greedy element which, once the world (the company) becomes well settled, seeks to grab the leadership."

Regardless of whether the thoughts of the Sumitomo side include the above, it is definite that there is a fierce tug of war between manager Yamasaki and the Sumitomo side regarding the successor problem and how to handle Ford.

Four Senior Managing Directors Are Leading Candidates as Successor.

We now come to the successor question, and the list of candidates has been whittled down to four senior managing directors at the present time. Given in order of rank, they include Kenichi Yamamoto, who is in charge of new technology development and research and development headquarters; Moriyuki Watanabe in charge of the cost control and quality assurance departments; Hajime Nakashima, head of the overseas business headquarters; and Akira Fujii, head of the secret documents room, general business section and labor administration headquarters.

Yamamoto was in charge of the development of the famous "rotary engine." Watanabe, who was in charge of the reciprocating engine, is a worthy adversary, and these two have diligently applied themselves mutually. There is a division within the company between those pulling for Yamamoto's rotary engine and those pulling for the reciprocating engine. Yamamoto is extremely situation-wise and single-minded, and he is spirited and lacks pliability once he has taken a stand. On the other hand, he is an enthusiastic Hiroshima Carps fan, and this Romanesque feature has earned him some strong fans within the company.

On the other hand, he is certainly well versed, technologically speaking, but there are two schools of thought within the company regarding his administrative capacity. Sumitomo, which seeks a balance between the two, has the experience last year, when this fierce character was a direct confrontation with Sumitomo, of his being in the perilous situation of being relieved of his position as senior managing director. What saved him was his regard of Yamasaki as almost the "founder of a religious sect." In other words, Yamamoto was a "symbol" in the eyes of the technologists at Toyoko, and Sumitomo was wary about the reverberations that would follow any attempt to cut away this symbol.

The presence of anxiety in spite of a healthy state was not hidden. Yamamoto said, "There is spiritual strength but no physical strength."

Watanabe, who is seriously being considered as the next manager, is a contrast to Yamamoto in his superior adaptability and accommodating nature. He, with Yamamoto, comprise the two pillars of the company's technology development area and they are in charge of all the engines excepting the rotary engine, roadability and body; they are in charge of a very broad area.

Where Yamamoto is a person who will shake up an organization, Watanabe is a type who lets the work be concentrated in himself. He decides everything by himself, and he has the tendency to express his disapproval even when work proceeds smoothly in the absence of the man in charge. "Quite apart from medium and small businesses, there is some question as to his ability to administer a large business" is a statement that has been made.

Watanabe once served as assistant chief of the research and development headquarters as an aide to manager Matsuda during the days of manager Kohei Matsuda. Since manager Matsuda was not a technologist, Watanabe was the actual head of this section. The fact that he was so favored by manager Matsuda backfired on him when his evaluation was dropped with the installation of the new system in the experience he went through. He was able to spring back on the strength of his resources and was able to elevate himself into contention for the next manager's position. He is a year behind Yamamoto and is 62 years old, leaving no problem where age is concerned.

On the other hand, Yamamoto similarly has some problems where health is concerned. He underwent surgery as a child which left him with one lung, and it may be said that his health status may be the key to his elevation to manager.

Nakashima, who graduated with a law degree from Kyoto University in March 1948, directly entered the services of Toyoko and is the only one among the four candidates who comes from an administrative background. He first handled sales in Japan and shifted to the important post of department head for exports during his tenure as department head. He was fortunate in being in charge of the export department when exports were going well. The man who succeeded Nakashima as head of exports is Noboru Shimayama, who is a director and manager of Matsuda USA. Because exports account for 70 percent of this company's total business, the importance of Nakashima, who headed exports, looms greater.

Nakashima is a shrewd man. His explanations to manage Yamasaki on daily affairs were extremely well reasoned and orderly, leaving no room for discredit. There is this reliance on Yamasaki on Nakashima's ability, but he also gives the impression of being a cool person about whom one "does not know what he may be thinking." His evaluation by Sumitomo is an unknown entity, and he has not been the subject of many rumors within the plant. It may be reasonable to evaluate him as a so-called "man whose image does not gush out."

The last candidate, Fujii, was born on 21 January 1926 and has just turned 58. He is thus the youngest among these four. He completed Kyushu University with a degree in engineering and entered the employment of this company where he has

been in charge of the industrial machinery main company, purchasing headquarters and research and development headquarters and presently heads the secret documents room, general administrative department and labor department. If he should take over domestic sales, the "sovereign school" will be finished.

He is a candidate who fulfills the three conditions required for ascension to manager, which are (1) youth, (2) a proven record, and (3) highly regarded by Yamasaki as being reliable. He has had special ties with Yamasaki during his sales days after which manager Yamasaki pulled up the company to its present position. In seeking a weak point, there are some who point out a lack of management strength due to his youth.

Every candidate has his "strong and weak points," and this is the source of problems for Yamasaki and the Sumitomo heads. If one dares to make a solo decision, along with some bias, and select a member from this quartet, the choice will be Watanabe with Nakashima as the alternate. Whatever the reasons may be, at least the chances of Yamamoto and Fujii to rise to the manager position seem slim.

Here we repeat the evaluations for the remaining members Watanabe and Nakashima. We see that Watanabe has undergone a period of cold storage with the new system. Just how far these fetters will affect his future will be the focal point. Nakashima, on the other hand, has the major handicap of having come out of a business background. In any event, there is no mistake in assuming that these two will be engaged in a furious contest up to a target date of October of this year and this race presently is in a dead heat.

Does Senior Managing Director Ohara From Sumitomo Have a Chance?

Looking now at the next generation of candidates for manager, there is one person of a different breed who looms as a powerful candidate. This is senior managing director Michimasa Ohara. He graduated from the Faculty of Economics of Kobe University in March 1957, served as chief at the Urada branch of Sumitomo Bank and was appointed a director of Toyoko in January 1979. He is a young man of 49 years. Counting from the time of his status as consultant to Toyoko, this will be his 8th year.

He was in charge of comprehensive domestic sales before he transferred to Toyoko, and he is an indispensable man to this company. He has a strong point in the large number of mass communications fans supporting him, and he has no post awaiting him at Sumitomo should he choose to return there.

He has good business sense, and he enjoys great trust from the 114 dealers throughout the country. "Autorama," which is Ford's channel to sales in Japan set up in October 2 years ago, owes much of its presence to Ohara's efforts, and this record is enhancing his stance that much more. When he was an executive managing director, he himself changed the name of the head of the domestic sales headquarters to head of the business headquarters. By disengaging this headquarters from the "domestic" label, he made possible the inclusion of exports. This is an episode that reveals the degree of self-confidence of Ohara.

There are reasons for the statement that Ohara is eyeing the "next to next manager" position. It was in the fall of 1982, 6 years since Ohara had transferred to Toyoko as consultant. Ohara inquired through channels of manager Isoda of Ohara's possibility of returning to Sumitomo whereupon Isoda slammed the door shut. Ever since this incident, Ohara was resolved to end his days at Toyoko.

In fact, it seems that the Toyoko environment seems to please Ohara more than the Sumitomo environment. He will be but an average director should he return to Sumitomo, and that will leave a large void for the past 8 years.

In addition, as long as he remains at Toyoko, he can wield his command over the dealers in the manner he desires. Even Yamasaki is not as well versed in the dealer situation as he is. In this situation Ohara is setting up a "one country, one region" business district within Japan, and there should be no work as interesting as this.

Furthermore, this came right after the period of the bad relationship between manufacturer and dealers that was the result of the Matsuda system. This present favorable situation was achieved as the result of reasonable judgments in taking reasonable actions.

Even the candidate status of Ohara, blessed with such magnificent qualifications, is not without its shortcomings. The first is the problem of the "unwritten law" which stands in the way of "placing a Sumitomo product in the post of manager." This is a problem that can be automatically erased if Ohara's future activities place him in contact with the proper people so that he can dispel such a feeling.

The second problem area that has been pointed out is just how the complex thoughts embraced by workers of Toyoko proper of the same age as Ohara can be parried by him. To be sure, there is no feeling of opposition on the part of these young people. On the other hand, people in his age group are still at the level of section heads at best. There is the constant danger that the difficulties in personnel relationships that arise from this gap may, if things go wrong, cut short his career. With the shift in the Tokyo branch office in July of this year and the associated move of the business headquarters to Tokyo, the role of Ohara as champion among the next generation of candidates will be enhanced, and regardless whether this is good or bad, it seems beyond doubt that Ohara will in the near future become the "eye of the typhoon" among the top personnel of Toyoko.

Direction in Self-reliance of Toyo Kogyo Rescued From "Hell"

Plan Big Turnaround With All Front Aid of the Sumitomo Group to Healthy Fiscal Administration

"The poor fuel consumption" of the rotary car was the problem in the United States which resulted in a business crisis for Toyo Kogyo in events which happened 10 years ago near the end of 1974. The company was on the verge of collapse at one time, but the manufacturer, dealers, the main bank in the form of

Sumitomo Bank and the Sumitomo Group acted as one to bring about the reconstruction now evident. In the fiscal period ending last October, this company registered its history of highly favorable financial data to embellish the new born "Matsuda" with a flowery start in May of this year. Matsuda's reconstruction is now complete.

The address presented by senior managing director Kazukiho Hoshino, who manages the Tokyo branch of Toyo Kogyo, to the Keidanren Mechanical Club at the Keidanren Hall in Ote-machi in Tokyo on 21 December last year was extremely enlightening. No matter which way one looked at it, it was one which was filled with positive thoughts. This was as it should have been. The announcement of the figures for the period ending October 1983, which represented the 8th consecutive increase in profits since the 110th period which covered from November 1975 to December 1976, was to be presented, and the anticipation was such that Hoshino was in very high spirits.

"We were faced with some fierce industrial environments, but we were fortunate to find our sales, business and profits after taxes all exceeded the preceding period levels, thus assuring us of an increased profit. This enabled this company to assure itself of 6 continuous years of increased profits since October 1976.

The actual figures showed total sales of 1.3642 trillion yen (a 15.6 percent increase over preceding period), normal profit 45.2 billion yen (a 4.4 percent increase) and profits for the period 25.6 billion yen (a 1.0 percent increase), which are magnificent in view of the low state of the economy and the restriction in the shipment of whole automobiles to the United States.

The healthy status of Toyo Kogyo stands out even in comparisons with the various other auto companies where the 1983 figures are concerned. Toyota rang up a sales total of 4.8927 billion yen for the period ending in June 1983 and a normal profit of 398.6 billion yen, but it was in a different class.

In addition, Honda Giken Kogyo reported for February 1983 that it continued to maintain an increase in profits while Nissan Motors and Mitsubishi Motor Industry reported decreased profits. It was in such a fierce environment that Toyo Kogyo chalked up its highest sales and profits in history.

It is difficult to believe that this is the same company which suffered a decrease in profits to one-third that of the preceding period for the period ending October 1974 while the following year it showed business profits of 17.3 billion yen and profits after taxes of 1.7 billion. Both red figures causing it to fall into the status of a red ink company which was in nearly a state of death when its chief banking firm Sumitomo Bank, along with Sumitomo Shintaku and Sumitomo Shoji, applied levers to help it along. It has been said that "industry is drama," but such a marvelous recovery is very rare.

Sumitomo Bank Inserted Main Lever for Reconstruction

Toyo Kogyo is presently riding an explosive wave, but it was in the October 1975 period when its financial crisis surfaced. This was the result of a 17.3

billion yen loss. The underlying factor responsible for this tremendous loss surfaced in the spring of 1974 right after the first oil shock. The Environmental Protection Agency (EPA) of the United States stated that "the rotary automobile guzzles gasoline" as the result of its survey, which wiped out sales of the rotary automobile and piled up a mountain of cars in storage.

The rotary shock which started off in the United States immediately skipped back to Japan and the rival auto manufacturers began their attacks on the rotary car. At that time, this company's passenger cars--Rutier, Capella and Savannah--all were fitted with rotary engines, and this destruction of the "rotary myth" resulted in an increased inventory and increased interest payments, which all reverberated back to the manufacturer's kitchen.

The first man Sumitomo dispatched to start reconstruction was Shinpei Hanaoka as head of the business administration department (he is presently senior managing director at Sumitomo Bank). Hanaoka took over as an executive managing director and checked the American market closely as head of the export headquarters while he sold the Tokyo branch and the Osaka branch to raise 25.7 billion yen. At the same time, he also sold transactable securities to raise vitally needed capital quickly and put all his efforts in preventing a collapse.

Hanaoka was succeeded in January 1976 by Tsutomu Murai (presently president of Asahi Brewing), who had been an executive managing director at Sumitomo Bank, to take over the spot as assistant manager while Tsutomu Mineoka (presently executive managing director at Sumitomo Bank) was dispatched in October of the same year to head the international control division as an executive managing director. Murai attacked the situation from his important and lofty post while Mineoka used his razor-sharp brain to apply the complete treatment to the nearly dead Toyo Kogyo. The combined efforts of Murai and Mineoka and the excess-personnel countermeasure directed at the AM system from 1974 began to show a little effect, and a business profit of 5.6 billion yen was recorded for the October 1976 period followed by 8.2 billion yen for the October 1977 period, 15.0 billion yen for the October 1978 period, 31.2 billion yen for the October 1979 period and 38.8 billion yen for the October 1980 period, showing how this company had turned its business back into black figures once more.

With this recovery in business, dividends were raised to 10 percent from the October 1980 period, up from the 8 percent it used to be, and then to 11 percent in October 1982.

Shigeki Yamasaki, Meritorious Worker for Reconstruction

Many people were involved in the reconstruction process of Toyo Kogyo including several from Sumitomo-related sources, but the top meritorious worker in this direction was still manager Shigeki Yamasaki. He took over from the one-man regime of Kohei Matsuda, and there were some efforts on the part of manager Isoda of Sumitomo Bank when Yamasaki came into office in December 1977. He is a technologist by nature and drew little attention to himself until he became senior managing director, but once he became manager, he put the difficult internal and external affairs in one piece and put the reconstruction program which followed on the right track. At the first anniversary of the Yamasaki system in October 1978, sales totaled 816.3 billion yen (a 9.2 percent increase),

business profits 15.0 billion yen (an 83.2 percent increase) and period profits 2.6 billion yen (a 32.2 percent increase), and he first brought business profits over the 10 billion yen level.

Meriting even greater attention was the debt, which at its peak had gone up to 360 billion yen but had been lowered to less than 300 billion yen. Mineoka, who was in charge of accounting at this time, said, "We have somehow come to qualify for a 50-point rating where fiscal quality is concerned. This is still largely based on sales. We are aiming to lower this to 250 billion yen within a year and then to less than 200 billion yen."

Yamasaki has the marvelous quality of saying, "There is no magic to doing business. One must follow the basic faithfully." He always puts forth the teamwork he learned in soccer as a prerequisite while insisting in keeping one's cool at the time. It is customary to want to boast about good business, but Yamasaki strives for lower costs and the production of quality products within the plant while he puts forth all effort to establish trusting relationships with the dealers with statements such as "there will be no production without sales." As pointed out by Mineoka, he pays his debts regularly where the business end is concerned.

With the highest profit picture in history shown for October 1983, long- and short-term debts totaling 30 billion yen had been repaid, and the balance was reduced to less than 200 billion yen. Plans are to reduce the debt another 30 billion yen this October 1984. There is no doubt that this company's debt will be reduced to less than one-third of its peak by the end of this period.

This debt retirement is also gradually improving the self-generated capital ratio, which increased to 25.8 percent from the previous 23.7 percent at the end of the October 1983 period, an improvement of about two points. Deposits and negotiable securities are also being accumulated by the year, and the total value had exceeded the previous total of 219.7 billion yen by 25 billion yen to 244.6 billion yen for the October 1983 period.

With regard to the use of this capital accumulation, "we do not know just what is to be done," said Yamashita, but it probably will be used to finance the planned construction of a plant in the United States. The company has already conformed to movements such as "local contact" bills and has conducted feasibility studies (industrializing surveys), and the surveys are reaching their final stages. Although any joint venture with Ford is not completely out of the picture, present plans call only for this company's solo venture in the United States, and the planned plant of a scale of 200,000 cars per year will be thought to require at least 150-200 billion yen in capital outlays. Toyo Kogyo is displaying a cautious attitude in view of the large investment, and it is probably planning this internal accumulation to be ready for this day of reckoning.

There seems to be a blueprint of the American plant engraved in Yamasaki's mind by some means.

The domestic Matsuda camp is afire. This is because the determined assault with the chief savior "Familia" has succeeded in beefing up the domestic share of this company. This was roughly 10 years from the rotary engine shock. The dealer aid plan conducted with the full force of AM and SE loans utilized this hit product in the form of Familia acted as a lever to blossom out. The domestic sales competition is becoming even more violent, but the Matsuda camp is aiming for its targeted monthly sales of 40,000 as its spirits are rising.

Last November a poster was placed on the billboards of Hiroshima Toyo Kogyo, its Tokyo branch, its Osaka branch and all of its dealers. This was similar to the so-called "wall newspaper" intended for in-plant display, and the company people who saw this poster all came forth with the statement, "Oh, have they finally done so?" in involuntary manner. There were in large letters "We are number one for the fifth time this year" (We are number one in domestic car sales as of October 1983) under which was a photograph of a scampering Familia along side of which was the line "Will Corolla come this far? City popularity in sharp drop. Familia is out and out stronger." This poster was the result of the need to let its people know that in January of the preceding year, April, May, August and finally October Familia had outdistanced its rivals Corolla, Sunny and City to assure itself the top position in domestic sales. This display was followed by "in October Familia won top position in sales among all the passenger cars. This is the fifth time this year. Even in the months when it was not the leader, it was always in the best three categories. The rivals Corolla and City, which have been running close, are no longer problems. Familia, which bears the popularity and proven record of the real thing, is the vehicle with the best sales approach and driveability" is a type of statement intended to shake the workers of rivals Toyota, Nissan and Honda. The fact that in the midst of this fierce sales competition, this company was able to take top place in 5 of the 12 months with its Familia certainly gives the Matsuda workers grounds for exhilaration.

"Rainbow Curve" Sales Strength

Now it was in June 1980 that the "main savior" of Matsuda in the form of the Familia rang the bell to introduce the catch phrase "second-generation hatchback." Manager Yamasaki addressed the reporters' conference for the announcement of this new car with the statement "the new Familia represents the FF [front engine and four-wheel drive] mode which was developed as the forerunner in the compact car competition of the eighties and is a self-developed hatchback style." At the same time, he added, "We will take this introduction of the Familia as the opportunity to achieve monthly sales of 40,000 cars, and to this end we will raise our domestic goal to 9,500 cars per month and the exports to 13,000 per month for a total of 22,500 cars per month." Certainly, just as Yamasaki said, Familia was developed after an exhaustive study of the Civic, Charade and Starlet type domestic cars for the masses as well as the West German Volkswagen's Golf, and the motto "we will surpass Golf" was adopted for the development of this sensible and clean-styling vehicle which greatly surpassed the old Familia. On the other hand, the majority of the reporters present said, "There is no doubt this is a fine vehicle, but it will probably not be around for long," in their rather cool assessment. This was because Matsuda was number three in Japan next to Toyota and Nissan, and its main

weakness was its weak domestic sales strength. There have been many cases when new cars have appeared but which in the course of a few months rapidly disappeared from the scene. People in the industry pointed at this weak Matsuda sales organization and made statements such as "sales like a monetary gust" and "Matsuda's rainbow type sales curve." These statements arose from the situation that Matsuda's dealers were prone to "sell whatever cars were easier to sell."

This was why, when this new Familia riding on the excess popularity of the old Familia was able to attain its targeted goal this year of 9,500 car sales per month and even surpass it at an average 13.7 percent at 10,800 cars and gain an explosive increase in popularity, the rival manufacturers Toyota and Nissan said, "Just wait. There will be a great thud when sales drop with the new year": later they ate crow. As 1981 began, Familia's popularity showed no decline and even expanded. Sales of Familia for 1981 totaled 166,284 cars and kept its third position behind Toyota's Corolla and Nissan's Bluebird among passenger cars. It surpassed Nissan's Sunny in the mass transportation area and took over second spot behind Toyota's Corolla. The fact that Familia had been awarded the first Car of the Year title first bestowed along about the end of 1980 may have had some effect on its sales, but its completeness and clean styling took over the eyes of women drivers to whom not much attention had been directed until then. This year Familia has taken over top spot for the first 8 months in the Tokyo market, which is the largest market in Japan and which used to be the almost exclusive domain of the Corolla and Sunny, a feat the Matsuda sales force can well be proud of.

Now the highlight of Familia is probably its top ranking in August 1982 in the sales of passenger cars. This was when it surpassed both Corolla and Sunny, both of which are mighty adversaries in sales throughout the country.

Where Familia sales totaled 12,381 cars, Corolla sold 11,086 and Sunny 7,463, and the margin over second-place Corolla was but 1,300 cars. On the other hand, this was the first time that a car from a company other than Toyota or Nissan had taken first place in sales, and it was only natural that the spirits within this company welled up. Riding on this popularity, Familia marked up sales of 17,220 cars for the month of October of the same year, leaving a gap of 600 cars between it and Corolla and giving it top rank in sales once more. With these events, it was only natural that rivals Toyota and Nissan began to regard Matsuda in a new light, and Matsuda was revitalized and Familia's popularity was not to be questioned while the sales outlets were vibrant with vitality. The rivals could only say, "We can no longer say 'rainbow curve,'" and, in fact, had to consider Matsuda a menace.

As 1983 began, there seemed to be no decline in Familia's popularity. As if to crush the advent of the model change of the "Corolla" in June of that year, it topped the sales figures in January, in March (11,275 cars) and again in April for the fourth time (13,263 cars) and for the fifth time in May (13,450 cars) to take over top spot in succession.

Corolla, which had undergone a model change to introduce FF, entered the market in June, but Familia took first place again for the sixth time (13,263 cars) and gained in October for the seventh time (15,990 cars).

It was 3 and 1/2 years since this new car was introduced. During this time, Familia underwent not even what might be called a minor change. It is customary that the new car image sometimes gradually fades as quickly as after 1 year and minor changes are made at least after 2 years to bring about a change in image, and for Familia to go through such a long period with not even a minor change and still retain its popularity must be termed something close to a miracle.

Unified Manufacturer-dealer Strategy

While it is true that they were blessed with a superlative product like Familia, there was the establishment of a unified manufacturer-dealer relationship of trust through appropriate guidance of the sales outlets and the development of sales strategy under the guidance of senior managing director Masamichi Ohara, who headed the domestic sales division, that enabled this company to maintain this bestseller position.

It was in October 1976 when Ohara was transferred from his post as head of the Urada branch of Sumitomo Bank to become a division head attached to the automobile sales division. In 1965 Toyo Kogyo's share of domestic sales was 15.9 percent, which placed it a whisker behind second-place Nissan at 20.8 percent and seemed capable of taking over second place, but in the next few years it saw its share go down. In 1970 it saw its third-place position in total number of small cars taken over by Mitsubishi Motor, its share plummeted to 7.7 percent in 1976 and it was exceeded by Mitsubishi even in areas other than light cars to a fourth rank.

The rotary cars on which this company had staked its fortune were evaluated as "gas guzzlers" in the United States directly after the first oil shock near the end of 1973, resulting in an inventory pileup in that country which also resulted in the unpopularity of Matsuda products even in Japan as a result of which the company was pounded into a deep financial crisis. This was the result of former Manager Kohei Matsuda being more concerned with the production front than with the sales front, which prompted him to say that "our cars are superior in performance to any other cars. The lack of sales reflects weakness on the part of the dealers," thus downgrading the sales outlets and creating a gap of distrust between the manufacturer and the sales outlets and resulting in a period of discordant tones.

Success of the SE Plan

Toyo Kogyo was faced in the fall of 1974 by an ultimatum to choose between "Processing 10,000 workers or transferring excess personnel to dealers" by its principal bank Sumitomo and began execution of its "AM transfer system" starting in January 1975 to shift excess personnel to various dealers in an effort to sweep out the dealers' inventories. This system was able to effect essentially a complete sweep of the inventories with the overall support of the Sumitomo group and was able to disengage itself from its top-level crisis,

but it was still quite removed from the establishment of a relationship of trust with the vital dealers.

Sleepless nights continued for Ohara. "The sales outlets are suffering reduced sales, and the hiring of new salesmen is being suspended. While it may be said that the worst possible outcome of the AM system cannot be avoided, Matsuda will undergo no development at this rate. How can I build up some sales strength?"

The enthusiastic sales plan which Ohara devised and introduced following the end of the AM transfer system in the summer of 1977 was the SE (sales expansion) plan. This plan was intended to be one phase of the so-called reinforcement of the domestic sales strength by dispatching company personnel to the first line of sales to add extra momentum to the sales strength that had been built up by the AM plan and thereby keep the expanded sales strength at its new level. The number to be assigned was 5,000 (of which 500 were service people), and those over 50 years of age or who had less than 3 years of company service were exempted. This SE transfer plan, which was aimed to take 2-3 years to complete starting in October 1977, was proposed at the capital and labor meeting held in September 1977. After lengthy discussions, it was decided to initiate the plan in December of that year and complete the transfers in 2 years, which was accepted by the union. That is to say, where the AM system was of an emergency rescue status, the SE transfer system was an all-out plan for sales expansion which presented the company workers with a rose-colored view of the future.

Ohara did not just drive the mental front. At the same time, he came forth with a basic plan that there would be no production without sales and in which he put into execution a program of visiting top sales outlets with the promise of improving relationships of trust with the outlets, carried out model changes over a period of 2 years on the Familia, Rutier, Savannah, RX-7 and Capella passenger cars and the Bongo and Titan commercial cars to reinforce the product and set out to increase the number of sales outlets from 130 to 1,500 in the course of 3 years. At the same time, he put the SE transfer system in its proper place as a transient method for reinforcing the strength of the sales outlets and set up a recruiting department within the main plant to assure a source of salesmen and reinforce business guidance while also engaging in activities for their use.

This series of measures as completed in 1980, and a start was made toward an expanded sales policy aimed at pulling up the sales throughout the country to 40,000 per month.

This daring expanded sales policy of Ohara was backed up by the sales of the "Familia AP" that appeared in January 1977, the "new-type Titan" introduced in May of the same year, the new-type "Rutier" which appeared in October of the same year and the "Savannah RX-7" which appeared in March 1978, and these new introductions all chalked up impressive sales records.

The share in the domestic market (versus light cars) which had dropped to 7.1 percent in 1975 began to recover in the order of 7.3 percent in 1976, 7.7 percent in 1977, 7.6 percent in 1978 and 8.3 percent in 1979.

Momentum was added to this recovery with the introduction of the new model Familia in October 1980, and the explosive increase in sales upped this company's share of the market to 8.4 percent in 1980, to 8.6 percent in 1981 and to 8.7 percent in 1982.

All Dealers in the Black

The plan which followed the AM and PE transfer plans was the "4P Plan," which was put into effect between May 1980 and April 1982 and which was followed by the "QI Plan" up to May 1984.

The "4P Plan" was made of the first letter of the terms prosperity, progress, profit and proper sales and was developed with the purpose of reinforcing the sales strength of the AM and SE transfer systems and restructuring the unified manufacturer-dealer sales setup in the country with the promise of complete self-reliance on the part of the dealers. Specifically, this plan involved the use of the hit model Familia as the lever to reinforce business quality, complete the use car sales system, increase proper salesmanship training for 12,000 salesmen, up the quality level of the 1,600 sales outlets and establish DQC activity, which is a measure of dealer quality. In addition, the "QI Plan" took up the slogan that all quality is given first priority and had the following targets: (1) assurance of forward-moving competitive strength, (2) assurance of profitable dealer business and (3) reinforcement in training on different car models. The item from this list which Ohara stresses the most is the assurance of profits to the dealers. "Unless the dealers are making a profit, there will be no reinvesting activity, and we will not be able to set up the strong sales network capable of selling 40,000 cars per month" was the gist of his thoughts. The greater number of automobile sales outlets were said to be operating in the red as the result of the fierce competition, but with this "QI Plan" and the increased sales attributable to the popularity of the Familia and Capella, Ohara has been able to state with a smile that "close to 90 percent of our dealers are operating in the black" but to state also that "it is important that all dealers make a profit."

This company seems about to realize its sales reinforcement through the "4P Plan" and the "QI Plan" according to schedule, and it will initiate a new 2-year plan in May of this year.

This new plan is intended to assure the establishment of the hoped-for 40,000-car sales per month network and adopt a policy whereby all dealers can operate at a profit by placing emphasis on the efficiency of all the dealers' work force, seeking to achieve a better balance in sales of different models to disengage itself from the high reliance on sales of the Familia and setting up Matsuda as the truly third member of the top class of car manufacturers next to Toyota and Nissan.

This company will change its name to "Matsuda" in May of this year. This is a move to incorporate the brand "Matsuda" which has long been regarded with affection by customers as the name of the company aiming for a spectacular leap.

The start of this new 2-year plan will coincide with the change in the name of the company. The total force of all the Matsudas will be concentrated just as the word implies. There is no doubt that the Matsuda whirlwind will be operating in the market this year.

Increase in Share of the East Japan Market Is the Key to Reinforced Sales

Matsuda's business is going even better than expected, and this year it plans to increase its share in the east Japan market. This company's share of the entire domestic market is 8.8 percent (versus light cars); this is but a step away from the hoped-for "10 percent," and the crus to the realization of this goal is an increased share in sales in east Japan (according to senior managing director Ohara).

Looking at the country according to blocks, sales are 14.4 percent on the home grounds of Chugoku and Shikoku and the share in west Japan markets such as Kinki and Kyushu is above the average domestic share. In contrast, its share of the east Japan market, which includes Hokkaido, Tohoku, Kwanto and Chubu, is but 6-7 percent. The emphasis here will be in increasing the share in Tokyo and the main metropolitan areas. The present demand for new cars is about 4 million per year, and Tokyo accounts for about 10 percent of this total or about 400,000 new cars, making it the so-called "10 percent market." In contrast, Akita Prefecture accounts for 40,000 cars per year, which is but 1 percent. In other words, an increase in sales of 1 percent in the Tokyo market will equal the total sales for all of Akita Prefecture thereby giving great significance to an increased share of the Tokyo market. Both Toyota and Nissan have long been striving to increase their shares of the Tokyo market, and their development of sales strategies to this end is for this reason. To be sure, Osaka and Aichi also represent large markets, and an increased share of the Osaka market is the most pressing subject for Matsuda.

It may be said that Matsuda's share of Tokyo and the capital region has been on an upward trend with the hit made by Familia, but the lack of an overall strategy cannot be denied. During the shift to a new branch company in Tokyo this summer, the business division is to be hisfted from Hiroshima to Tokyo. "When we consider the leadership throughout the country and its effect, we want a share in line with the situation" (director Ohara), and it is only natural that those concerned are afire. The Matsuda network in the Tokyo area at the present time includes the 7-company dealer system of Tokyo Matsuda, Kwanto Matsuda, Matsuda Auto Tokyo, Matsuda Auto South Tokyo, Matsuda Auto West Tokyo, Matsuda Motor Tokyo and Matsuda Familia, and only Kwanto Matsuda and Matsuda Auto Tokyo are in the L rank with sales of at least 1,000 cars per month. There are 2 dealers of the M rank, which is associated with sales of about 600 cars per month, and the rest are S-rank stores with a smaller sales performance. This is why an overall reinforcement is planned to bring all of these stores up to the L rank.

"The Matsuda Era Has Arrived"

The change in name of the company in May will be the occasion for a series of sweeping changes, but the situation seems to be that this may be the year for some test training. This is because the Familia, which has thus far, as its name implies, continued to be the center of attention and continues to be highly regarded, is beginning to show some signs of needing a helping hand. The next-generation model has already been developed, but there is the situation in which it is very difficult to introduce a new model when the old one is doing so well. There are speculations that this new Familia will appear in June, possibly in September or even at the end of the year, but the people in the know at the company say that "we have no intention of making a model change at the present time. First of all, one look at the sales status of the Familia is sufficient to convince us that there is no need for a model change now," as they vehemently deny any such possibility. It is the general feeling within the industry that there is all-out fear of casting water on a rising tide.

The domestic sales of this company for the first half of the fiscal year as of April 1984 (November 1983-April 1984) totaled 205,000 cars, which was the same as for the preceding year. This company states, "Familia and Capella will be the base that will pull Rutier and Cosmo along so that we surely can match last year's sales," but this company's data for the period ending October 1983 showed domestic sales to total 402,765 (a 2.5 percent increase over the preceding year), showing an increase in overall volume. However, sales of the mainstay Familia dropped 4.5 percent from the previous year to 181,173 units, indicating that sales of Familia are showing signs of fatigue. If this company is to achieve sales of 200,000 cars for the coming period according to plan, Capella and the other models will have to pull more weight in the light of the situation with Familia, but the intensifying competition in the domestic market, particularly Toyota's attack and Nissan's sharp retaliation, indicates that this company must be ready for some bitter fights.

Improving the sales efficiency of each salesman will have to be achieved in order to ride out this battle.

The domestic sales staff of Matsuda at the present time total 12,000 people. It has assured itself of a sales force next to Toyota and Nissan where numbers are concerned, but the sales per man are but three cars per month compared to Toyota's four cars per month, indicating a substantial gap. By increasing this sales rate to 4 per month and bringing up the efficiency to the level of Toyota, the sought-for 40,000 cars per month sales ought to be attained. Increasing sales from three to four is not such an easy undertaking, but director Ohara has his hopes. This is because of the sales force of 12,000, half, or 6,000 men, have sales experience of 1-3 years through plans such as the "4P Plan" and are still at the freshman level. It is said that 4-5 years are required to develop a full-fledged salesman, and these salesmen will be expected to contribute positively to the sales force from here on.

"The Matsuda era has finally arrived. Please bear with us, we will perform." These were the confident words of director Ohara.

Sales, Profits and Dividends of Toyo Kogyo

	(1) 決 算 期	(2) 売上高	(3) 利 益		配当率
			(4) 経常利益	(5) 当期利益	
(7)	110期(昭和50年11月～51年10月)	5,882 ⁴⁴⁸	56 ⁽⁸⁷⁾	11 ⁽⁸⁷⁾	8 %
(10)	111期(昭和51年11月～52年10月)	6,283	82	11	8
(11)	112期(昭和52年11月～53年10月)	6,863	150	26	8
(12)	113期(昭和53年11月～54年10月)	8,352	312	73	9
(13)	114期(昭和54年11月～55年10月)	10,311	388	157	10
(14)	115期(昭和55年11月～56年10月)	11,311	409	199	10
(15)	116期(昭和56年11月～57年10月)	11,797	433	254	11
(16)	117期(昭和57年11月～58年10月)	13,642	452	256	13

Key:

- | | |
|----------------------------------|----------------------------------|
| 1. Accounting period | 11. 112th period (November 1977- |
| 2. Total sales | October 1978) |
| 3. Profit | 12. 113th period (November 1978- |
| 4. Business profit | October 1979) |
| 5. Period profit | 13. 114th period (November 1979- |
| 6. Dividend rate | October 1980) |
| 7. 110th period (November 1975- | 14. 115th period (November 1980- |
| October 1976) | October 1981) |
| 8. 100 million yen | 15. 116th period (November 1981- |
| 9. Yen | October 1982) |
| 10. 111th period (November 1976- | 16. 117th period (November 1982- |
| October 1977) | October 1983) |

Domestic Car Sales by Brand Names (Best 10) (Survey by Jibairen)

	(1) 車 名 (メーカー名)	(2) 昭和58年		(5) 昭和57年		(6) 昭和56年	
		(3) 順位	台(1)数	(3) 順位	台(1)数	(3) 順位	台(1)数
(7)	カローラ(トヨタ)	1	207,020	1	233,477	1	251,138
(8)	サニー(日産)	2	184,780	2	200,335	4	160,172
(9)	ファミリア(東洋工)	3	173,499	3	191,850	3	166,278
(10)	コロナ(トヨタ)	4	138,340	5	136,066	10	93,687
(11)	ブルーバード(日産)	5	133,209	4	153,274	2	183,896
(12)	カリーナ(トヨタ)	6	116,488	6	121,891	6	109,126
(13)	スプリンター(トヨタ)	7	115,777	—	90,762	9	96,176
(14)	マークII(トヨタ)	8	110,677	9	105,051	5	116,922
(15)	クラウン(トヨタ)	9	103,706	10	99,281	8	106,806
(16)	スカイライン(日産)	10	100,454	8	107,381	7	108,775

Key:

- | | | |
|-------------------------------|-----------------------|-----------------------|
| 1. Name of car (maker's name) | 6. 1981 | 12. Karina (Toyota) |
| 2. 1983 | 7. Corolla (Toyota) | 13. Sprinter (Toyota) |
| 3. Rank | 8. Sunny (Nissan) | 14. Mark II (Toyota) |
| 4. Number of cars | 9. Familia (Toyota) | 15. Crown (Toyota) |
| 5. 1982 | 10. Corona (Toyota) | 16. Skyline (Nissan) |
| | 11. Bluebird (Nissan) | |

The Day When International Industry Toyo Kogyo Menaces Toyota and Nissan

Great Leap Forward by Toyo Kogyo Which Crumbled the Big Two Myth

The ups and downs of the automobile industry are violent. The myth of the American Big Three has crumbled, and now the Japanese Big Two myth seems about to suffer a similar fate. The New Year report on the said companies said that among the 10 major news items of 1983 "the domestic share of Toyota versus Nissan had widened considerably," symbolizing this trend. On the other hand, third-place Toyo Kogyo came forth with the remarkable record of eight continuous periods of increased profits indicative of its good record, and it will ride the crest of this momentum to advance into setting up a passenger car plant in the United States.

This is the Toyo Kogyo which was once about to be crushed and which now is undergoing a spectacular advance which might be termed a miracle and is fiercely competing for the second spot in the industry. What is the prime driving force behind its success? Here we look into its overseas strategy which is responsible for more than 70 percent of its business.

Even Toyota and Nissan with a total sales of more than 5 trillion and 3 trillion yen, respectively, claim that the risks are too great for setting up plants in the United States and as yet have not ventured out. This decision on the part of Toyo Kogyo, which is still ridden with debt despite its good business record, applied a major shock to the rest of the industry. This is even more shocking in view of the situation that Toyo Kogyo plans to take a go at it by itself rather than in a cooperative venture with its partner Ford.

Does Toyo Kogyo have this kind of spare experience? Before we try to answer such a question, we will look into some of its most recent activities.

The sales for the last period ending in October (November 1982-October 1983) totaled 1.3642 trillion yen and business profits exceeded 45 billion yen. There was a total of 1,341,800 cars sold (an 11.7 percent increase over preceding periods).

Of this total, exports (including CKD [complete knockdown] and KD [knockdown] sets) numbered 934,900 cars, which made up 70 percent of the total production. That is to say, Toyo Kogyo over the past 10 years has even surpassed Honda Giken, which is known to be an international industry and has itself become an industry dependent on foreign business.

How did this happen? The answer is straightforward. This company has an overseas strategy that can be put down on a single sheet of paper (see attached sheet). This chart has a compilation of the world's market situation. For example, the total world demand for cars is presently about 38.5 million cars, which are then divided up into the 6 blocks of North America, Western Europe, Japan, Eastern Europe, Central and South America and other areas. The demand constitutive ratio and the production constitutive ratio for each of the regions are then pursued in setting up the sales strategy.

Let us look, first of all, at Japan. This company has a production rate which is roughly twice the domestic demand (5,120,000 cars in 1983), and there is no recourse but to depend on exports. It may be said that Toyo Kogyo's strategy is based on this basic concept as it puts forth an all-out effort into export.

We now look at the foreign markets. As seen in the chart, North America despite its production still has considerable excess demand. Western Europe clearly is in a state of excessive production while eastern Asia and Central and South America still have room left for production. The remaining area, which covers the Middle and Near East including the Communist countries and Southeast Asia and makes up the third market, only takes in a supply that is about one-ninth of the demand.

Toyo Kogyo's strategy is characterized by structuring it in line with the demand balance in the various parts of the world. In order to avoid friction with the countries in question, it has adopted a basic policy not to go forcefully into leading countries and countries with an excessive supply. In this manner, this strategic map shows that those regions with a lack of supplies, are North America and the developing countries while the third market which is still developing is considered to be a future market and is set aside on Toyo Kogyo's strategic map as the "defensive block."

In order to minimize risks, the mode of entry is to export dismantled cars from Japan and assemble and produce the finished car in the country in question by a so-called complete knockdown (CKD) mode or a KD mode, which is also a strategic trick.

The countries where Toyo Kogyo presently has this on-site assembly system in operations include Korea, Australia, South Africa, New Zealand, Malaysia, Taiwan and the Philippines for a total of 16 countries; most of these countries are hammering out domestic automobile production policies as the jewel of their industrialization promotion policy, and Toyo Kogyo is in complete compliance with such policies.

In keeping up with this policy, the export of KD sets for the period ending last October increased 211.9 percent over the preceding period to 172,620 sets, showing a very large expansion which was large enough to enable this company to surpass Toyota and take second place to Nissan.

CKD production naturally ties in with locating the industry on site. The roles of parts supply and availability of labor are welcomed by the site of the location, and the effect on on-site capital expenditure is also large. CKD production is classified into roughly three levels depending on the local industrial level and the demands of the domestic production policies.

The first stage is the level in which CKD parts exported from Japan are essentially assembled as is at plants in the country in question (a fraction of the parts may be obtained locally). The second stage is to put up a parts plant or advance capital and technology to an agent in the country to set up a parts plant and establish a series of self-operating companies to supply

needed parts. It is also possible that automobiles and parts produced in such a country may even be exported to Japan and other markets.

To be sure, Toyo Kogyo has carefully considered the merits of the systems, and some of its all-out efforts in these regions are very eye-catching. The development of the remaining market in the world (the other regions) in a step by step process will be the strategy from here on, and there already have been spot orders from countries such as Poland, Austria, Saudi Arabia and Nigeria and even trade talks, and it is said that these all will eventually be tied in with on-site production.

In this manner, the improvement in the record of Toyo Kogyo's overseas strategy is the result of its avoidance of the risk involved with setting up on-site production in leading countries and putting all its efforts into CKD production.

This practice may be said to be in accordance with the guideline set down by manager Shigeki Yamasaki to "follow basics faithfully," but there is over all this the thought of knowing your opponent and knowing yourself, and one will survive a hundred battles and be able to transmit something to one's grandchildren. This was a lesson Toyo learned just before its production collapse in the midst of its crisis, and it may be thought that the secret to the success of this company lies in this lesson.

Backstage to the Unexpected Decision to Advance Alone into the United States

We now come to the major subject of the entry into the United States, and this seemingly bold adventurous decision is a calculated risk where Toyoko is concerned. The strategic chart referred to before showed that the North American block still has room for on-site production added to which the export of cars to the United States is under a restrictive limit even through the next year. The judgment seems to have been made that with the Japanese ban on the free export of American agricultural products, this limit on automobile imports may continue for some time.

Next year's import quota into the United States will include an increase of 170,000 cars to a total of 1.850 million cars, but Toyoko's American export framework is allowed but 159,282 cars. On the other hand, the popularity of the Familia and Capella in the United States is increasing, and this lack of a saleable product is continuing.

The American strategy has this background, and the on-site survey which has already been under way for a year will be the basis for a rapid firming up of the basic plans for this entry.

According to this plan, the final plan will be to set up a new plant just by this company and go at it alone although the possibilities of a joint venture with Ford, which has in the past been a capital cooperative partner, or even the use of some idle Ford plant had been considered.

The reason here was that if the ties with Ford were reinforced, then the company will have to have the blessing of the UAW (American auto workers union),

and one of the aims is to use labor that is free of UAW connections. As a result, a likely site candidate is Columbia in the State of Tennessee close to where Honda Giken started on-site production and which is an area relatively free of UAW influence.

At the same time, the mode of entry will be the knockdown mode with which this company has experience in 16 countries (KD means on-site assembly) as a start in order to minimize risks, production will be centered on the small passenger car "Familia" and the scale will be of the order of 5,000 cars per month. A total of 70 billion yen is expected to be invested, which is roughly half of what is normally required, but this is quite a hefty undertaking where Toyo Kogyo is concerned.

As a result, the date of this entry (start of operations early in the 1985 decade) will depend on whether this capital can be assured, but it seems that this company has managed in some way to attain this goal.

That is to say, Toyo Kogyo has a policy of retaining about 1.5 percent of its annual sales to provide at-hand fluidity (such as deposits) in order to maintain its business health. Now the books for the period just ended in October showed great improvements in the profit structure and fiscal quality, and it was possible to retire 30 billion yen of long- and short-term debts. As a result, what had once totaled 300 billion yen in long- and short-term debts had been reduced to 195 billion yen by October of last year while the at-hand cash flow was increased to 244 billion yen, which was an increase to 18 percent of the sales total, leaving a considerable margin in capital strength.

There is already production in the United States by Honda Giken (passenger cars) and Nissan (trucks), and Toyota is pushing final negotiations with GM, but Toyo Kogyo's decision will make it the third company involved in passenger car production next to Honda Giken and Toyota.

International Industry Toyo Kogyo Which Treads Its Lone Pathway

As discussed above, the overseas strategy of Toyo Kogyo involves the use of its CKD and KD base to gain footholds in the third market and the United States, and all of these efforts are this company's individual undertakings. The question then arises about a joint strategy with Ford, and there is nothing that is evident.

Ford entered into a capital agreement in 1979 (Ford put up 25 percent of the capital), and manager Yamasaki at that time said that "our business has shrunk down to 1 million cars a year while we are saddled with 200 billion yen in debts so that we have no assurance of being able to compete in the world's auto market competition of the eighties. This agreement with Ford was a must choice in order for this company to survive in the eighties," in voicing considerable expectations in this agreement.

The actual situation, however, is one in which relationships between these two companies are strictly business, and mutual supplementation seems to be the central theme.

Toyo Kogyo takes the following stand: "If one depends on a partner, he will come under the control of the partner, and even though we have a capital agreement, we will follow our individual course where business is concerned." Back of this situation is surely the problem of the Arab boycott against Ford, but business front exchanges are active despite that situation.

In the past Toyo Kogyo had been only supplying small trucks, but in the course of the past year the situation has changed to supplying Ford's overseas bases with 10,000 Proceeds (North America, Central and South America and Australia), 2,000 Titans and 11,000 Bongos along with passenger cars including 68,000 Familias and 36,000 Campellas. There was also a supply of automatic-type transaxles (MTX), transmissions for commercial vehicles and diesel engines. Toyo Kogyo's sales to Ford exceeded 100 billion yen, and 10 percent of its total sales were Ford-directed.

Ford has placed the "Razor," which is a modification of the Familia as its number three world car next to its Fiesta and Erica, and is conducting KD production in 7 countries and is selling this car in 35 countries outside of the United States and Europe. The supply responsibility has been left to Toyo Kogyo, and Ford's business stagnation is continually strengthening Toyo Kogyo's position.

In another direction, exports of complete cars totaled 760,000 units, which was a 4.4 percent increase over the previous year, and passenger cars accounted for the greater part with 600,000 cars. Where a model was concerned, Capella was most popular with 243,000 cars and increased to roughly twice the preceding year's level and stood alongside the hit car Familia at 249,000 cars to comprise the 2 pillars of this company's stock. It would seem that there was a feeling in the past that Toyo Kogyo was relying almost completely on the Familia, and the emergence of the Capella has finally given this company full status as a passenger car manufacturer. The particular situation in which Capella and Familia are enjoying great popularity in the home base of North American (255,000 cars, a 7.7 percent increase over preceding period) and Europe (240,000 cars, a 28.7 percent increase) is an indication of the high technological evaluation of these cars, and the name of Toyo Kogyo in the international market will have to become more and more immovable.

"Walk One Step Faster and One Step More" Is the Overseas Strategy

With this history it is believed that the moving force in the reconstruction and progress of Toyo Kogyo has been its overseas strategy, and the problem here is the background behind this situation. No matter how popular Japanese cars may be, the international market is not such a soft touch that any car regardless of quality or technological level will find a ready market. In the shadow of a market where "Familia" and "Capella" are big hits overseas is the situation that these cars are the products of the revolution in the product development of reborn Matsuda.

It is said that there are about 500 monthly foreign visitors at the Hiroshima main plant, and it is said that all of these visitors seem to say, "How did a

company which underwent such a collapse be able to develop such a superb vehicle and resurrect itself?"

Matsuda automobiles presently are cars that are international subjects.

Now what could have transpired until the company got to its present position?

The bitter times Toyo Kogyo went through as a result of its financial crisis were due to the oil shock that hit the world in the fall of 1973. The RE (rotary engine) on which this company staked its fortune and brought into a practical status was given the label of a gasoline guzzler by the Environmental Protection Agency of the United States, which helped to cut down its sales, and this was the cause of this company's descent to a near collapse in production.

On the other hand, all was not lost as the result of this experience. Because Toyoko had put excessive weight on the rotary car and put nearly every car into the RE class, it was in direct confrontation with the oil shock, and the reflections from this experience made manager Shigeki Yamasaki, who took over from former manager Kohei Matsuda, shift to a more practical course.

Yamasaki said, "There is no success that was achieved disregarding basics. RE itself was not bad, but we were lacking in discretion." That is to say, Yamasaki was a firm believer in the statement "there is no business without sales." Since then the development area forbade the development of cars strictly by technologists alone so that "the cars we produce are not 'products' but 'commodities'" was the display that was driven into the company.

Every effort was made to alter the intracompany system from the one-man system of the past to one that offered an airy atmosphere and improved to a point in which anyone could express his opinions. For example, the manager himself handled sales, development and design in the days of manager Matsuda and any opinions from company members were not heard, but the newborn Matsuda had the door open for the development people. At the same time, 5,000 people with office and technological duties were transferred to the first line of sales to experience what business was like and to find out just what kind of car the users were looking for.

As the result of such improvements, the entire work force was activated, and this was tied to a mighty consolidation of Toyoko's strength. Thus, it may be said that the flame of a crisis due to the collapse in production was neatly converted to a more fortunate situation.

In another direction, the development section established the three goals of style, performance and comfort as the identity of Matsuda cars, and this standard was the basis for building "cars that sell" with complete attention paid to the users' needs. "Familia" and "Capella" were developed in this manner and sent out to the market. Space does not permit a discussion of the development process and it will be omitted here, but a single episode will be mentioned here. There was a time when Toyoko invited the mass communication media to a test showing of the Capella in Spain. There were the rival European

cars Peugeot, BMW, Renault and Citroen alongside, and the request was made to "please ride these cars and compare." It was an astonishing show of confidence, but the Capella which backed this confidence was FF and RE turbo-equipped, and it ran in an astonishing manner, it is said.

The superiority of Matsuda cars was further demonstrated by the receipt of the following award.

In 1980 an award was established to designate the new model of a domestic car marketed during the year which demonstrated overall superiority as the "Japanese car of the year." The car selected for this first award was the "Familia," the second award went to the "Soara" and the third award went to the "Capella." That is to say, Matsuda ran off with two of the first three awards, giving this company the number one crown among Japanese-made cars.

This award was the event that started active sales of the Familia, and its sales topped those of all other cars on the domestic market 2 years ago. Where there had been no one to contest Toyota and Nissan in the standing of monthly best-sellers, Familia neatly broke this record, and it reported its initial effort four times in taking over top spot in domestic sales.

This performance was not just limited to Japan. At the 1984 European Car of the Year selections made last fall, Capella ranked top among the Japanese-made cars and was ranked fifth overall. This award is the most prestigious award given in Europe for automobiles, and the selection is made by a panel of 53 famous journalists from 16 countries.

The Japanese cars nominated were the Daihatsu Charade, Honda Prelude, Matsuda Capella, Nissan March, Toyota Kamuri and Toyota Corolla.

In this manner, the Matsuda Capella followed up its selection as Japan Car of the Year to take the Import Car of the Year title awarded by the American MOTOR TREND magazine. The award it received in Europe should be noted as backing up the evaluation this car was given in Japan, and Matsuda cars are now basking in worldwide limelight.

Now why was it that a Matsuda car was able to be evaluated so highly in Europe? This was a point touched on by this company's publicity department that "cars made by Japanese companies are considered to be low in cost, economical and high in quality in every country. On the other hand, even the Japanese-made cars have their weak points. These include style, engine noise, handling, brakes and turning. Europeans make very strick demands on cars, and we have made every effort to be one step ahead of the other companies to keep in line with the European standards and still maintain our low price."

In other words, here again manager Yamasaki's business strategy of "move one step faster and one step ahead of the enemy" is being exploited to good effect.

In addition, the overseas strategy is aimed at beating other Japanese cars rather than the cars of the other country or cars from other countries. To

this end, the cars will not be sold as Japanese cars but as Matsuda cars, and this is the feeling that everyone is being imbued with.

This is not "proof rather than logic." Let us see how other countries look at the active situation of Matsuda cars through an excerpt from a newspaper (a Chinese newspaper).

The July passenger car registry (limited to small passenger cars) of Holland and Austria showed Toyo Kogyo's Capella leading the European-made cars and taking first place.

The 26 July account stated that "Capella's popularity is rising in Europe, and a shortage of these cars is being experienced. This car has already registered top sales for the month of March in Canada, Holland, Denmark and Sweden. The dealers' inventory in the United States is less than 1,000 cars, and the dealers are suspending "reserved orders" in the situation that is pictured.

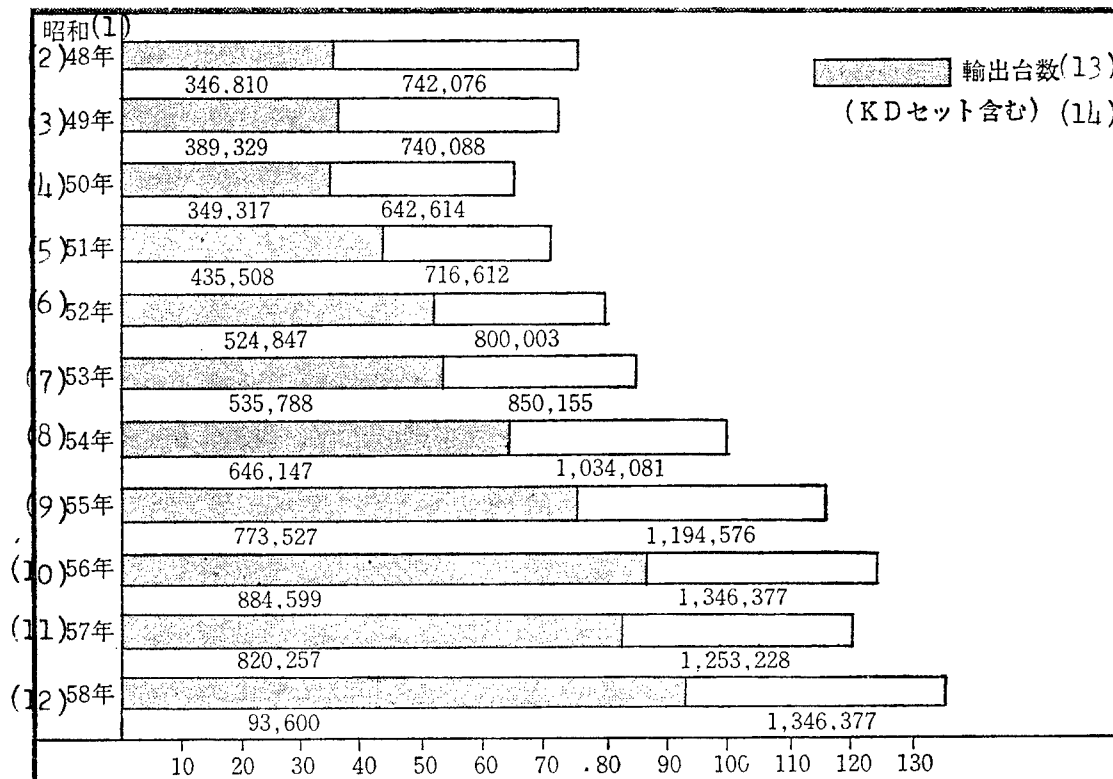
In any event, Matsuda's tactic of "move one step faster and one step ahead" is being applied not only in Japan but at various areas around the world and is supporting this company's overseas strategy. While it may be said this company ranks third domestically behind Toyota and Nissan, it is certainly establishing a firm foundation and showing strength in the overseas markets.

(1) 全世界総需要 (2) 約38,500千台					
(3) 日本車輸出 (4) 約 6,600千台					
(5) [需要の構成比]			(6) [生産構成比]		
	'79	'80	'79	'80	
(7) 北 米	33.0%	36.4%	24.5%	31.6%	
(8) 西 欧	29.3%	28.7%	31.4%	31.4%	
(9) 日 本	13.1%	12.4%	28.8%	23.2%	
(10) 東 欧	9.3%	8.6%	9.1%	8.1%	
(11) 中南米	5.5%	4.8%	5.1%	4.4%	
(12) その他	9.8%	9.1%	1.1%	1.3%	

Key:

- | | |
|-------------------------------------|-------------------------------|
| 1. Total worldwide demand | 7. North America |
| 2. About 38.500 million cars | 8. Western Europe |
| 3. Japanese exports | 9. Japan |
| 4. About 6.600 million cars | 10. Eastern Europe |
| 5. Constitutive ratio of demand | 11. Central and South America |
| 6. Constitutive ratio of production | 12. Others |

Trends in Number Produced and Number Exported at Toyo Kogyo (Includes KD Sets)



Key:

- | | |
|------------------|------------------------|
| 1. Year of Showa | 8. 1979 |
| 2. 1973 | 9. 1980 |
| 3. 1974 | 10. 1981 |
| 4. 1975 | 11. 1982 |
| 5. 1976 | 12. 1983 |
| 6. 1977 | 13. Number of exports |
| 7. 1978 | 14. (Includes KD sets) |

Toyota Kogyo's Foreign Assembly Plants

(1) 国名	(18) 組立開始	(20) 提携先	(23) 組立工場	(26) 販売会社	(28) 主要組立車
(2) 韓国	昭和(19) 36. 4	(21) 起亜産業(株)	(24) 同 左	(24) 同 左	(29) ボクサー, タイタン ボンゴ
(3) フィリピン	36.10	Francisco Motors Corp.	(24) 同 左	同 左	(30) タイタン
(4) ビルマ	38. 3	(22) ビルマ第二工業省 重工業公社	同 左	同 左	X2000, B600 タイタン (30)
(5) 南アフリカ	38. 3	Sigma Motor Corporation (Pty) Ltd.	同 左	同 左	(31) プロシード, タイタン ファミリア, カベラ
(6) マレーシア	43. 9	Asia Automobile Industries Sdn. Bhd.	同 左	Asia Motor Co., (K.L.) Sdn. Bhd.	(32) カベラ, ファミリア ボンゴ
(7) ニュージーランド	44. 5	Mazda Motors of New Zealand Ltd.	(25) 同左及び Motor Industries (International) Ltd.	(27) 提携先と同じ	(33) カベラ, プロシード ファミリア, ボンゴ
(8) インドネシア	46. 2	P.T. National Motors Co.	P.T. National Assemblers	P.T. National Motors Co.	(34) カベラ, ファミリア T 3000 (83.11 より販売開始)
(9) ポルトガル	46. 3	Sociedade Comercial Tasso de Sousa, Lda.	同 左	同 左	(30) タイタン
(10) トリニダード トバゴ	46.12	Southern Sales & Service Co., Ltd.	Neal & Massy Industries, Ltd.	(27) 提携先と同じ	(35) プロシード, タイタン ファミリア, カベラ
(11) イラン	47. 4	Mazda Car Manufacturing Co.	同 左	同 左	(36) プロシード ファミリア
(12) アイルランド	49. 7	Motor Manufacturers Ltd.	同 左	Motor Distributors Ltd.	(37) ファミリア
(13) タイ	50. 1	Sukosol and Mazda Motor Industry Co., Ltd.	同 左	Kijkamol Sukosol Co., Ltd.	(38) カベラ, ファミリア プロシード ファミリアトラック
(14) パキスタン	52. 4	Sind Engineering Ltd.	同 左	同 左	(30) タイタン
(15) ケニヤ	52. 9	Eastern Motors Ltd.	Associated Vehicle Assemblers Ltd. Layland Kenya Ltd.	提携先と同じ	(39) プロシード
(16) ジンバブエ	55. 7	Bob's Mazda (Pvt) Ltd.	Willowvale Motor Industries (Pvt) Ltd.	Puzey & Diss Motors (Pvt) Ltd.	(40) ファミリア プロシード ファミリアトラック
(17) コロンビア	58. 4	Compania Colombiana Automotriz. S.A.	同 左	同 左	(39) プロシード

Key:

- | | |
|--|---|
| 1. Name of country | 23. Assembly plant |
| 2. Korea | 24. Same as left |
| 3. Philippines | 25. Same as left and Motor Industries (International), Ltd. |
| 4. Burma | 26. Sales company |
| 5. South Africa | 27. Same as cooperative partner |
| 6. Malaysia | 28. Main cars assembled |
| 7. New Zealand | 29. Boxer, Titan, Bongo |
| 8. Indonesia | 30. Titan |
| 9. Portugal | 31. Proceed, Titan, Familia, Capella |
| 10. Trinidad and Tobago | 32. Capella, Familia, Bongo |
| 11. Iran | 33. Capella, Proceed, Familia, Bongo |
| 12. Ireland | 34. Capella, Familia, T 3000 (sales started from November 1983) |
| 13. Thailand | 35. Proceed, Titan, Familia, Capella |
| 14. Pakistan | 36. Proceed, Familia |
| 15. Kenya | 37. Familia |
| 16. Zimbabwe | 38. Capella, Familia, Proceed, Familia truck |
| 17. Columbia | 39. Titan |
| 18. Start of assembly | 40. Familia, Proceed, Familia truck |
| 19. Year (Showa) month | |
| 20. Agreement partner | |
| 21. Kia Sangyo (Co.) | |
| 22. Second Burma Industrial Ministry Heavy Industry Public Corporation | |

9923

CSO: 8129/1327

ECONOMIC

FINANCE MINISTRY URGES CUTS IN BUDGET REQUESTS

OW201231 Tokyo KYODO in English 1212 GMT 20 Jul 84

[Text] Tokyo, 20 Jul (KYODO)--The Finance Ministry Friday asked all government agencies to hold down their budget requests for the next fiscal year to levels lower than the previous year's actual appropriations for the third straight year.

The request made at a meeting of secretariat chiefs practically set in motion the preparation of the government budget for fiscal 1985 starting next April.

Yoshihiko Yoshino, director general of the budget bureau, noting an expected huge revenue shortfall, called for the same sharp cut of 10 percent in principle compared with fiscal 1984 appropriations.

Specifically, he asked for a 10 percent cut in current expenses, a 5 percent reduction in public investment, and the pegging of social security expenses at present levels.

He expressed readiness to accept increases in defense spending, economic aid to developing nations, personnel expenses and pensions as an exception. But he also demanded such increases be held down to the absolute minimum.

The Finance Ministry wants to get the formal go-ahead for these principles at a cabinet session on July 31.

Indications are, however, that it faces tough negotiations with the agencies concerned regarding defense spending, social security expenses and public works spending.

Yoshino said his ministry is even considering amendment of relevant laws, if necessary, to whittle down appropriations.

He also voiced a desire to cut government subsidies by 10 percent as in the current year.

However, Masayuki Fujio, chairman of the policy affairs research council of the ruling Liberal-Democratic Party (LDP), virtually took issue with the Finance Ministry's policy the same day.

Addressing an LDP seminar in Karuizawa, a summer resort, he emphasized that it is the LDP, and nobody else, that will take the leadership in the preparation of the fiscal 1985 budget.

He specifically leveled his criticism at Toshiwo Doko, chairman of the administrative reform promotion council, who recently denounced a growing call for an expansionary spending policy. The call is particularly strong in the government party.

Fujio asserted that Doko, as doyen of Japan's business community, had been responsible for the circumstances that led the government to issue a huge amount of national bonds.

Complaints have been heard in the LDP that Doko's council, which is an advisory body, is going too far in demanding a cut in government spending.

Fujio also hinted at the need to raise taxes to overcome a fiscal crisis.

He charged the Finance Ministry with predicting a large revenue shortfall without due reason, and called for positive investment in the development of science and technology and for road improvement, forest preservation and flood control. He also proposed tax breaks for investment by all businesses.

CSO: 4100/217

ECONOMIC

JAPANESE SECURITIES HOUSES SHOW INTEREST IN PRC

OW220941 Tokyo KYODO in English 0710 GMT 22 Jul 84

[Text] Tokyo, 22 Jul (KYODO)--Major Japanese securities houses are showing growing interest in expanding securities business with China.

Nomura Securities Co and Daiwa Securities Co have already established representative offices in Beijing.

In addition, Nomura set up the Chinese room on July 1 and Daiwa has recently started a Chinese group--both to gather information about China and introduce Japanese enterprises wishing to undertake joint ventures with Chinese capital.

Behind the move lies the effort by the Chinese Government to modernize its economy. Along with the modernization program, China has designated special economic zones in such cities as Shenzhen, Shuhai and Xiamen. Fourteen more cities were designated in April as areas open to inflow of foreign capital and technology.

A number of large projects on electric power and cement are being planned in major cities like Shanghai Municipality and Dalian City as well as in provinces of Guangdong and Fujian.

These projects call for introduction of Japanese and foreign capital, location of foreign enterprises and technical cooperation with foreign governments and companies.

Some of the projects are being promoted on a joint venture basis with Japanese companies.

In fund raising, the China International Trust and Investment Corp issued in January 1982 yen-denominated bonds worth 10 billion yen (41.15 million dollars) in the Japanese capital market. In August 1983, the Fujian Investment Business Authority also raised 5 billion yen (20.57 million dollars) by issuing yen-denominated bonds in Japan.

Further, the Bank of China is reportedly planning to publicly offer bonds for an undisclosed amount in the near future in Japan.

The Japanese securities industry expects the Chinese fund raising here to become even more brisk in the months ahead.

One analyst said, "There won't be any sovereign-risk lending problem about China since much of the funds raised here goes to investments in plant and equipment."

In a related development, more Chinese are coming to Japan to study Japanese financial and capital markets.

One official at Nomura Securities Co said, "We receive some 10 Chinese trainees each year."

"They are studying hard about the Japanese bond market and the current state of Japanese small- and medium-sized companies," he said.

Sanyo Securities Co provides a six-month training for Chinese students. "They are studying the banking and securities businesses as well as the mechanism of foreign exchange transactions," a Sanyo official said.

"We are unable to fully accept Chinese trainees as their numbers are growing recently," he added.

No doubt interest in China is growing among Japanese companies and investors. The Shanghai seminar, sponsored recently by Nomura in Tokyo, Osaka and Nagoya, for instance, could not accommodate all the visitors.

A reported scheme to establish a stock exchange in China also drew attention from Japanese investors and the securities industry.

A top official of the China International Trust and Investment Corp reportedly said recently it would be necessary to set up a stock exchange to raise funds needed for large projects.

The Japanese securities industry will step up its efforts to approach China even though the scheme may be a "dream in the future," according to an industry executive.

CSO: 4100/204

ECONOMIC

KEIDANREN PROPOSES NEW COMMUNICATIONS SERVICE

OW250105 Tokyo KYODO in English 0055 GMT 25 Jul 84

[Text] Tokyo, 25 Jul (KYODO)--A new communications firm to be set up after liberalization of domestic communications service from next April should use both overland and satellite communications circuits, according to an interim report now being drafted by a committee of the Federation of Economic Organizations (Keidanren).

Domestic communications are now monopolized by Nippon Telegraph and Telephone Public Corp (NTT), but NTT will be switched to private ownership from next April when participation in domestic communication service will become free under a set of laws now before the Diet (parliament).

Keidanren's data communications committee thinks that optical fiber communication or microwave communication circuits should be set up for the main circuits linking Tokyo and Osaka via Nagoya, while satellite communication links should be formed to cover other areas, Keidanren sources said.

In addition, the committee thinks, optical fiber and other circuits should be established as access circuits to link users with the main circuits.

The new firm's services should be limited to telephone and leased line services initially. Value added network (VAN) and international communication service should be left to further study, according to the committee.

Keidanren plans to complete the interim report late this month and a final report in October, the sources said.

Already, four groups have revealed plans to set up what is generally called a "second NTT" upon liberalization of domestic communication service next April. They are, besides Keidanren, the Kyocera Corp Group, the Construction Ministry-Japan Highway Public Corp Group and the Japanese National Railways (JNR) Group.

Keidanren intends to adjust--and possibly unify--the plans of the four groups according to its plan for using both overland and satellite communication circuits in order to prevent excessive competition, the sources said.

CSO: 4100/195

ECONOMIC

ECONOMIC SURVEY PREDICTS EXPORTS GROWTH

OW251157 Tokyo KYODO in English 1025 GMT 25 Jul 84

[Text] Tokyo, 25 Jul (KYODO)--Backed by growing exports to the U.S, leading Japanese traders are expecting a 6 percent rise in exports this year, the Economic Planning Agency [EPA] said in a survey Wednesday.

The survey, covering 32 trading houses and one automaker, also said Japan's imports this year would increase 5 percent from 1983.

Exports by the 33 traders, covering some 60 percent of Japan's total exports, were up 4.8 percent in the first quarter from a year before and are expected to rise 2.9 percent in the second, decline 1.1 percent in the third and go up 3.5 percent in the fourth, it said.

Exports of machinery, accounting for nearly 70 percent of the total, will rise 7.4 percent this year but those of textile and steel will go down 3.5 percent and 0.5 percent, respectively, the survey said.

Exports to the U.S., making up 25 percent of the total, will soar 17 percent in 1984, those to Europe, will be up 10.3 percent and those to Southeast Asian countries up 5.5 percent, but those to other regions, including African and Middle East countries, will go down 0.9 percent, the survey said.

The traders' imports, covering some 70 percent of Japan's total imports, were unchanged in the first quarter, are expected to decline 2.7 percent in the second, will be up 0.5 percent in the third and up 0.8 percent in the fourth.

The survey, on a yen and customs-clearance basis, does not include videotape recorders, integrated circuits and other light electric machinery, EPA officials said.

CSO: 4100/193

ECONOMIC

BRIEFS

TOYOTA SERVICING IN PRC--Nagoya, 9 Jul (KYODO)--Toyoda Tsusho Kaisha Ltd, a trading company dealing largely in Toyota Motor products, is to set up a joint Toyota servicing company in China's Guangdong Province, a Toyota spokesman said Monday. The joint venture, to be owned 49 percent by the Toyota group and 51 percent by Guangdong provincial authorities, will be established in mid-August in Shenzhen City, he said. The company will carry out checks, tuning and repairs for Toyota vehicles, whose sales are increasing in China. Some 4,200 Toyotas were exported to China in calendar 1984. Toyota service centers have already been established in Beijing and Guangzhou, and a Toyota sales subsidiary in June set up a joint venture servicing company also in Shenzhen, the spokesman said. [Text] [OW100623 Tokyo KYODO in English 1127 GMT 9 Jul 84]

PRC TECHNICAL KNOWLEDGE TRANSFER--Nagoya, 13 Jul (KYODO)--Aisan Industry Co, Japan's third largest engine valve maker in the Toyota Motor Corp, has initialed a 500 million yen (2.1 million dollars) contract with China to help it in diesel engine valve production, a company official said Friday. According to the contract, Aisan Industry will provide the China National Technical Equipment Corp with production facilities, special metal materials and production and quality control know-how on engine valves for diesel locomotives, the official said. The Chinese corporation will start production at its Chishuyen Locomotive and Rolling Stock Works in Jiangsu Province next year. Production volume is expected to reach 50,000 pieces a year, according to the official. It also plans to produce engine valves for diesel-engine trucks in the future, he said. [Text] [OW160307 Tokyo KYODO in English 0555 GMT 13 Jul 84]

YEN INTERNATIONALIZATION PANEL--Tokyo, 24 Jul (KYODO)--A panel of government advisers Tuesday started discussions on the controversial issue of further internationalizing the yen with the aim of submitting recommendations to Finance Minister Noboru Takeshita within a year. High on the agenda of the Foreign Exchange Council, an advisory organ to the finance minister, is how to proceed with yen's internationalization in relation with Japan's capital and financial markets and ways to liberalize Euroyen-based lending to businesses for a period of more than one year, now prohibited by the Finance Ministry. Japan and the United States recently agreed on Japanese steps to internationalize the yen, but concrete measures are to be ironed out after the ministry receives recommendations from the council. At Tuesday's meeting,

Hajime Yamada, president of the Federation of Bankers Associations of Japan, called for [word indistinct] in liberalizing Euroyen-based lending for a period of more than one year and Euroyen bonds. But Setsuya Tabuchi, president of Nomura Securities Co, supported the further internationalization of the yen, saying there is no more need to prohibit Euroyen-based medium- and long-term lending. [Text] [OW241229 Tokyo KYODO in English 1205 GMT 24 Jul 84]

YEN SPECULATION--Tokyo, 24 Jul (KYODO)--The Bank of Japan Governor Haruo Maekawa Tuesday indicated willingness to join other central banks in countering speculative attacks on the yen. Maekawa dropped the hint during an opening speech at a two-day meeting here of the bank's regional branch chiefs. The governor said his bank would act quickly and explore all possible ways, keeping a close eye on other major countries' moves, the situation overseas and market trends. His remarks were taken as indicating an intention to intervene in the foreign exchange market in a concerted effort with the central banks of the United States, West Germany and other countries. Maekawa blamed the U.S. dollar's continued rise in value against other key currencies on "huge" U.S. budget deficits and the acceleration in the U.S. economic recovery. The deficits staying at record levels and the economic recovery gathering speed at a heady pace are fueling speculation U.S. interests rates would rise further, he noted. The dollar's appreciation could have a serious impact on the economies of other countries, notably debt-ridden developing nations, he warned. [Text] [OW240639 Tokyo KYODO in English 0554 GMT 24 Jul 84]

MITI REHABILITATES CEMENT INDUSTRY--Tokyo, 1 Aug (KYODO)--An advisory body of the Ministry of International Trade and Industry Wednesday approved a basic plan to rehabilitate the deficit-ridden cement industry by cutting back excessive facilities and forming corporate groups, MITI officials said. The structural improvement scheme said the cement industry should scrap 23.3 percent of its current production facilities, totaling 129 million tons in output, by next March 31, the officials said. A total of 22 cement firms will start forming five business groups from September 1 under a facilities disposition cartel arrangement and avoid excessive competition and cut production costs, they said. Damaged by decreased fiscal spending on public works projects, the cement industry formed an antirecession cartel last year but suffered a combined loss of 8 billion yen (32.7 million dollars) in the business year ending last March. [Text] [OW011143 Tokyo KYODO in English 0911 GMT 1 Aug 84]

YAMAZAKI MACHINERY BRITAIN PLANT--Nagoya, 23 Jul (KYODO)--Yamazaki Machinery Works Co, a leading numerically controlled (NC) machine tool maker, Monday announced it will establish an integrated plant for machine tools in Worcester, Britain, to start operating around March 1986. Its decision to make inroads into Europe came after the European Community (EC) Commission gave a go-ahead to the British Government to extend its flexible manufacturing system (FMS) subsidy equivalent to about 24 percent of the 8.5 billion yen (35 million dollars) plant, Yamazaki officials said. The Japanese maker, based in Aichi Prefecture, will start construction this October. The new plant will produce

some 60 NC machine tools and machine centers monthly, and will employ some 200 local people, the officials said. It will be the first time a Japanese machine tool maker builds an integrated plant in Europe. Yamazaki has a similar plant in Kentucky, the U.S. Yamazaki plans to export some 80 percent of its products at the British plant to other EC countries, they said. Keiichi Konaga, vice minister of the Ministry of International Trade and Industry (MITI), welcomed the Yamazaki plan, saying it would promote industrial cooperation between Japan and Britain. [Text] [OW231307 Tokyo KYODO in English 1039 GMT 23 Jul 84]

BUDGET REQUEST GUIDELINE WELCOMED--Tokyo, 31 Jul (KYODO)--Top business leaders Tuesday welcomed guidelines approved by the day's cabinet meeting for fiscal 1985 budgetary requests, appreciating the government stance to stick to a policy of reconstructing state finances without a tax hike. Bunpei Otsuki, president of the Japan Federation of Employers' Associations, however, said he regretted a series of remarks by politicians who ignored the severe financial situation by calling for expanded guidelines. Yoshihiro Inayama, chairman of the Federation of Economic Organizations, wished the government to tackle further cuts in budgetary expenditures while compilation of budget. Hosei Hyuga, chairman of the Kansai Federation of Economic Organizations, in a statement said he appreciates the austere guidelines like the current fiscal 1984 budget. [Text] OW310533 Tokyo KYODO in English 0519 GMT 31 Jul 84]

MITI INFORMATION, TECHNOLOGY ADVANCES--Tokyo, 30 Jul (KYODO)--The Ministry of International Trade and Industry informed the industrial structure council Monday that it is planning to establish two new laws for promoting technological development and information services, officials said. MITI will seek approval of the council at its next meeting on August 27 and ask the Finance Ministry to take budgetary measures in fiscal 1985 starting next April, officials said. MITI explained at the council meeting that it is vital to compile the nation's medium- and long-term plans to extend financial support for development of new materials, biotechnology, microelectronics and other highly advanced technology, officials said. MITI also considered that promotion of information services, including development of data base, protection of computer software and security measures to guard computer data, is vital for the country and needed legal support, officials said. Touching on Japan's energy policies, MITI said it would try to increase oil stocks, diversify oil import sources, promote the proposed nuclear cycle base plan and explore ways to secure supplies of rare metals in the new fiscal year, they said. [Text] [OW301207 Tokyo KYODO in English 1159 GMT 30 Jul 84]

CSO: 4100/192

END